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MODERN GERMANY

Her Political and Economic Problems, Her Foreign and Domestic Policy, Her Ambitions, and the Causes of her Success

Third and very greatly enlarged Edition, completely revised and brought up to February 1909

BY

J. ELLIS BARKER

LONDON
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1909

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PREFACE TO THE THIRD EDITION

The present edition is a greatly enlarged one. The last five chapters are new, and as four of them deal with German Economic Policy, Finances, Labour Conditions, the Effect of British Fiscal Reform on Anglo-German Relations, &c., they may prove useful at a time when British economic policy is being generally discussed.

"Modern Germany" has been widely read, not only in Great Britain and America, but also in many foreign countries. Only a few weeks ago, a Japanese translation was published by Mr. Akasaka in Tokyo, and, in a special introduction, the celebrated educationalist, Mr. Kamada, the President of the Keiwo University, wrote: "Many books in many languages have appeared which describe the activity and progress of Modern Germany, but most of these give only fragmentary views of the country. Mr. Ellis Barker gives us a comprehensive picture of Modern Germany, and I think that his is the best book on the subject. Although 'Modern Germany' was primarily intended to enable Englishmen to profit from Germany's example, Japanese readers also will find it full of suggestive information which will assist them in solving the political, educational, economic, naval, military, agricultural, and industrial problems of their country."

Words like the foregoing are very gratifying to an author, and I would take this opportunity of thanking my numerous correspondents for their appreciation and suggestions, and my reviewers for their indulgence.

Part of this book has appeared in the shape of articles in the *Nineteenth Century*, *Fortnightly*, *Contemporary*, and *National Reviews*, and I thank their editors very cordially for allowing me to draw freely upon them.

In conclusion, I would draw attention to the exhaustive Analytical Index at the end of this volume, which should greatly increase its practical utility.

J. ELLIS BARKER.

Constitutional Club, London, W.C.
February 1909.

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MODERN GERMANY

CHAPTER I

INTRODUCTION—THE FUNCTIONS OF THE STATE IN ENGLAND AND IN GERMANY

SINCE her creation in 1871, Modern Germany (Prusso-Germany) has become a factor of constantly increasing importance in the world's politics, industry, and commerce. Formerly Germany was a humble admirer and modest imitator of everything English. In political and economic methods she was England's follower. Now, Germany has become a formidable competitor to this country, and her importance and strength are constantly and rapidly increasing from year to year.

Two or three decades ago, Great Britain's political position in the world was unchallenged, and seemed to be unchallengeable, by Germany. England possessed almost the world's monopoly in the manufacturing industries, in engineering, in commerce, in banking, and in the shipping trade. Now, our formerly undisputed, and then apparently indisputable, paramountcy in manufacturing and in the various branches of trade has disappeared, owing to the stress and success of Germany's competition. The Germans, although they are a nation and a race of landsmen, and although they possess practically no harbours

and no maritime and colonial experience, even try to wrest from this country its patrimony, its paramount position on the ocean and the rule of the sea, which seems to be the peculiar gift of Nature to these islands. Germany appears to threaten even our position as a colonial and as a world power, and has tried to oppose the unification of the British Empire. Will Germany be as successful against this country in matters political as she has been in trade and industry?

The fact that Great Britain has, politically and economically, lost much ground to Germany cannot be denied, and Germany's success in nearly all fields where she has chosen to compete with this country seems all the more astonishing if we bear in mind that her natural resources in men and matter are much inferior to those possessed by this country.

Germany's geographical position and physical configuration and structure, her climate, her agricultural soil, and her mineral wealth are greatly inferior to those possessed by Great Britain. Germany is naturally a poor country, and her natural poverty has been accentuated by numerous wars and invasions which have frequently devastated her territories. Until lately, she had but little accumulated wealth, and she was almost exclusively an agricultural State. She has only inferior coal, she does not possess any colonies worthy of the name, and until a few years ago she had hardly any experience in manufacturing, commerce, shipping, and finance.

The aristocratic form of her government and the survival of feudal institutions, feudal privileges, and of many mediæval prejudices oppose and stifle, to some extent, even at the present day, personal ambition and individual effort in Germany.

Germany is pre-eminently a military nation. She is greatly hampered by universal and compulsory military service, and the military spirit prevails to such an extent that, until a few years ago, trade and every form of making money was looked down upon with undisguised contempt by her upper classes. Bankers and merchants used to be the pariahs of society, and they are even now not treated as the equals of military officers, university professors, and professional men.

Evidently Germany is very heavily handicapped by nature and by her history, by traditions and by her customs; yet, notwithstanding all these natural and artificial disadvantages and obstacles, which greatly hamper her in the race for success, and especially in the race for economic success, Germany, who but three decades ago was a poor and backward country, has become Great Britain's greatest and most dangerous rival on sea and land the world over. Will she eventually succeed in driving Great Britain to the wall by force of will and by the force of arms, or by patient application, industry, and study?

Many thoughtful and patriotic Englishmen view with uneasiness, if not with alarm, Germany's rapid progress and her equally rapid and sometimes threatening encroachments upon what had been, until lately, considered to be Great Britain's political and economic preserves. Will Germany eventually supplant Great Britain, and take our place in the world? What is Germany's policy towards this country, towards the United States, Holland, Austria-Hungary, France, and Russia? What are Germany's aims, what are her ambitions, and, above all, what are the causes of her marvellous success?

These are questions which are frequently heard,

and they are, perhaps, the most urgent questions of the time. These are questions which should occupy all those who have the welfare, the greatness, the happiness, the traditions, and the prosperity of this country truly at heart, and the following pages have been written with the object of supplying an answer to these most important questions.

If we look for the ultimate causes of Germany's marvellous success, it will become clear that Germany is no longer a more or less mechanical imitator of this country. On the contrary, German policy, even where it imitates this country in matter, differs completely from it in manner, for German policy is guided by principles of government which are diametrically opposed to the fundamental principles of British state-craft.

The conception of the position of the State and of its duties towards the citizens is totally different in the two countries. Hence it comes that the authority of the State and the functions of the State in Germany and in Great Britain are quite dissimilar, and Germany's different conception of the functions of the State seems to be one of the chief causes, if not the principal cause, of her success.

The watchword of all British Governments is Individualism, Non-interference, and Free Trade—that is to say, free exchange. The governmental policy of Great Britain is the policy of *laissez-faire*. Our policy of *laissez-faire* is based on custom, and it has been recommended as the best policy by the most distinguished British statesmen, philosophers, and political economists of modern times. That policy is considered the natural and the only possible policy for this country, for Englishmen are constitutionally impatient of, one might almost say hostile

to, governmental interference, and even to the justified assertion of governmental authority. Bagehot truly remarked: "We look on State action not as our own action, but as alien action, as an imposed tyranny from without, not as the consummated result of our own organised wishes. . . . The natural impulse of the English people is to resist authority."

In Great Britain, both the State and the local authorities are meant to be, and are made to be, subservient to society. State and local communities are, on the whole, deliberately subordinated to the will of the individual, whose rights and privileges are jealously guarded against every form of official interference and coercion; and if private rights and national rights happen to come into collision, private rights are apt to prove the stronger. In Great Britain the nation has to give way before the individual, and the individual can tyrannise the nation if he is strong and rich enough and cares to do so, as may be seen by the action of our shipping rings, railway companies, &c., whilst the nation cannot treat the individual unjustly. Private rights are well defined, national rights are not so defined.

In Germany, on the other hand, the will of the individual is deliberately subordinated to the will of the State and to that of the local authorities, which exercise a somewhat absolutistic rule. The nation is disciplined and taught obedience as its first duty, and it is considered the first duty of the State and of the local authorities to maintain order. Conscientious resistance, active resistance, passive resistance, open resistance, and resistance by evasion, by subterfuge, or by the skilful abuse of the law, are practically unknown in Germany. In Germany, State and nation and State and society are practically one.

Therefore, the State and the nation act in matters political and economical like one man. The individual has to give way to the State, which represents all individuals, and, in the absence of organised and powerful opposition and obstruction, progress in Germany is comparatively easily and rapidly achieved.

In Great Britain, national and local authorities rule and legislate with a show of power, but in reality they rule and legislate merely on the sufferance of society. National and local authorities have to obey the will, and even the whim, of a majority of voters or supporters, and in consequence of that permanent dependence on that volatile factor, Public Opinion, they do not lead, but are led by society, as represented or misrepresented by public opinion. This is the reason that our national and local authorities possess no initiative, that they always wait to be pushed, that they originate little, and that they are satisfied to exist to maintain order, to administer in accordance with precedent, to perpetuate, to preserve.

As a result of the predominance of society over the State in this country, the strongest conservative influence in Great Britain, and the strongest opposition to progress unfortunately also, lies in our administration, which is hostile to all change, and therefore to all progress. Owing to their lack of authority, national and local "authorities" in this country administer mechanically, soullessly, impersonally, but do not lead—they reign, but do not govern. After having destroyed the power of the Crown, we have crippled the power of the national executive and administration as well; and we have substituted party government, caucus government, mass government, carried on by endless unbeautiful disputes for power, miscalled discussion, for truly national govern-

ment. Great Britain has many heads but no head, many wills but no will, many minds but no mind. Great Britain is a nation divided against itself. Great Britain is a kingdom in name, but it is in reality a republic presided over and directed by the vague and uncertain moods and fancies of ill-informed masses, personified under the name of "The Man in the Street." Even republics proper, which are composed of individual and very independent States, such as the United States and Switzerland, possess a more national government, a more national administration and a more national organisation, than does Great Britain.

In Germany, national and local authorities consider it their duty to lead, to initiate, to sow, to plant, to foster, to support, to regulate, to instruct. The governing individuals of Germany are not distinguished and irresponsible amateurs, without administrative training, supported merely by a section of the nation, a party; but they are, as a rule, distinguished and fully responsible experts in administration, who, owing to their qualifications for the office which they occupy, are supported by the whole nation. Therefore, they can speak and act in the name of the nation, and their every action is not condemned on principle by "His Majesty's Opposition," as anti-national, unconstitutional, dangerous, foolish, &c.

The German nation and the German communities look to their national and local governors and administrators for guidance, for enlightenment, for initiative, for encouragement, and for protection. Evidently the State has a totally different position and totally different functions in the body politic of Germany than it has in that of Great Britain, and

the conception of the duties of the State towards the citizens, and of the local authorities towards the citizens, is quite another one in Germany than it is in this country.

In Great Britain, nearly all progress and nearly all great reforms have been initiated by far-sighted but irresponsible amateurs, who have had to fight against the inertia, the indifference, the ill-will, and the opposition of the governing individuals, official and unofficial. In Germany, nearly all progress and nearly all great reforms are due to the initiative of distinguished and enlightened officials, who only too often had to fight against the inertia, the indifference, the ill-will, and the opposition of almost the whole nation. If Germany had followed the policy of *laissez-faire*, if the German Government had been subordinated to "the will of the people," and if it had always waited for the lead of "The Man in the Street," the German nation would still be a medley of peasants, university professors, philosophers, and soldiers. Germany would not have become a nation, but she would still be divided against herself in hundreds of petty principalities, and Voltaire's word, "England rules the sea, France the land, Germany the clouds," would now be as true as it was when it was coined.

Unintelligent Government interference by incapable or selfish administrators, who abused or ill-used their position, to which they were not entitled, and for which they were not qualified, proved so disastrous to this country at the time when Great Britain was cursed with class rule, that nearly all governmental interference is now opposed and condemned in advance as certain to prove a costly failure. On the other hand, a higher conception of

the duties and scope of the State and intelligent governmentalism, governmental initiative, State-organised national effort and State-organised national co-operation, which sprang from that higher conception of the functions of the State, have made Germany united, powerful, wealthy, and successful, and have rapidly converted a backward and conservative military peasant State into a progressive modern industrial nation.

Individualism is the strength, but it is at the same time the weakness, of this country. Individualism is an excellent medicine, but it is no panacea, and it must be taken only in moderate doses. Exaggerated individualism is harmful. Too much liberty and too much individualism have destroyed the greatness of the Netherlands, and have completely destroyed the ancient republic of Poland. Individual isolated effort has made this country great and prosperous in the past, but individualism may not prove equally effective in the future. Individualism has made Great Britain wonderfully successful at a time when other countries were greatly inferior to Great Britain in organisation, and when, besides, they were politically disunited. When other States had not yet become nations, and were constantly at war, British individualism had an immense chance and an immense scope, for then intelligent and enterprising British individuals were pitted against less intelligent foreign individuals, but not against foreign States.

At the present time, when other nations are no longer divided against themselves, as was Germany of old, but have become homogeneous, unified, nations in fact and nations in organisation, and when the most progressive nations have become gigantic institu-

tions for self-improvement and gigantic business concerns on co-operative principles, the spasmodic individual efforts of patriotic and energetic Englishmen and their unorganised individual action prove less effective for the good of their country than they were formerly. The most determined and even the most heroic individual efforts of the ablest and strongest individual Englishmen are altogether futile, if they are directed against the serried ranks of highly-organised foreign nations, even if these are composed of men who, individually, are in every respect greatly inferior to Englishmen.

Class government has proved a failure in England, and party government, as at present carried on, is proving a failure, because the enormous forces of opposition and of obstruction act as an effective check to rapid and even to adequate political and economic progress. Chiefly owing to indiscriminate, determined, and somewhat unscrupulous party opposition, progress in Great Britain is so slow that this country is every year falling farther behind in the race. At a snail's pace we try to catch up a horse. Hence, it seems that both class government and party government, as at present constituted, have had their day, and that the time has come for national government, national organisation, national co-operation, and for the management of national and local affairs not by irresponsible amateurs and party men, who represent the vague instincts of the likewise irresponsible "Man in the Street," but by practical, experienced, and distinguished business men, who are willing to lead, to direct, and to govern in a manner worthy of this country.

Governmentalism and individualism may be combined, and that nation which succeeds best in com-

bining these two enormous forces will prove the most successful in the race. Japan's marvellous success in peace and in war is chiefly, if not entirely, due to the successful blending of a highly-organised governmentalism and of an equally highly developed individualism; and if this country is able to link those mighty forces together, Great Britain at the head of the British Empire will again obtain the leading position in the world, which, by her geographical position, her latent resources, and her opportunities, is her due.

Germany has been successful, but she is not so successful as she might have been because individualism is repressed. The individual German is not given enough scope. Besides, Germany is in some respects not well governed, and the ill result of partial misgovernment and of the rash repression of individualism may be seen in the phenomenon of the Social Democratic Party and in Germany's failure as a colonising power. *Est modus in rebus.*

CHAPTER II

THE FUNDAMENTAL PRINCIPLES OF GERMANY'S FOREIGN POLICY

We cannot fully understand the foreign policy of Germany unless we previously cast a glance into Germany's past, and examine the genesis and the development of the State and the rise of its policy and of its political traditions. Germany, as known to the older generation, was a country peopled with philosophers, poets, composers, slow and sleepy officials, and backward peasants; it was an æsthetical, sentimental, day-dreaming land. Modern Germany is matter-of-fact, hard-headed, calculating, cunning, business-like, totally devoid of sentimentality, and sometimes even of sentiment, and very up-to-date. But modern Germany and old Germany are two different countries. New Germany is an enlarged Prussia. Old Germany continues to vegetate and to dream dreams under the name and under the banner of Austria; and it should not be forgotten that those Germans who used to be considered typical representatives of Germany, such as Goethe, Schiller, Lessing, Wieland, Jean Paul, Schlegel, Uhland, Lenau, Hegel, Fichte, Beethoven, Mozart, Haydn, belonged to old Germany and were non-Prussians.

Six hundred years ago the country where the foundation of Prussia was laid was a wilderness, which was considered to lie outside the then German Empire, and it was inhabited by heathen savages. These were

ruthlessly massacred and extirpated by the knights of the Teutonic Order, who were sent to Prussia to conquer and to colonise that country, and of the ancient Prussians nothing has remained excepting the name. The Teutonic knights won the country to Christianity, and replaced the massacred population with emigrants from all parts of Germany, but they created at the same time an intolerable feudal anarchy in the country. The land became divided among powerful robber-knights, such as the Quitzows, the Putlitzes, the Rochows, &c., and as these denied obedience to the Empire, Prince Frederick of Hohenzollern, a reduced but warlike Suabian nobleman, who had some inconsiderable possessions in the south of Germany, was sent by the Emperor in 1415 to Prussia with the mission to create order in that savage and rebellious country, the government of which was vested in him and in his heirs for ever. With fire and sword the Hohenzollerns reduced the rebellious knights and the independent cities of Prussia to obedience, and created an absolutely centralised State ruled by the sword, which remained military in character partly because the population was composed of lawless and reckless adventurers and criminals from everywhere, partly because the State was ever threatened by hordes of the neighbouring Slavs and by the armies of then powerful Poland. Thus, up to a comparatively recent time, savagery and arbitrary rule prevailed in Prussia, and Prussia occupied a position in Europe not unlike that held by the Balkan States at the present day. In 1650 London had 500,000 inhabitants, Paris had 400,000 inhabitants, Amsterdam had 300,000 inhabitants, whilst Berlin was a village of 10,000 inhabitants. Up to a very recent time Prussia was a semi-barbarous State.

Prussia, like Rome, was founded by a band of needy and warlike adventurers. Both States were artificial creations, both could maintain themselves only by force of arms and extend their frontiers only by wars of aggression, and the character of both States may be read in the records of their early history. By the force of events and by the will of her masterful rulers Prussia grew up, and ever since has been, a nation in arms, as may be seen at a glance from the following figures, which more clearly illustrate the history of Prussia than would a lengthy account.

	Square Kilometres of Prussia.	Inhabitants of Prussia.	Number of Soldiers in Standing Army during Peace Time.	Percentage of Soldiers to Population.
1688 . . .	113,000	1,500,000	38,000	2.5
1740 . . .	121,000	2,250,000	80,000	3.6
1786 . . .	199,000	5,500,000	195,000	3.6
1865 . . .	275,500	18,800,000	210,000	1.1
1867 . . .	347,500	23,600,000	260,000	1.1
1907 (Germany)	541,000	62,000,000	617,000	1.0

During the last two hundred and twenty years the population of Great Britain has grown fivefold. During the same period the territory ruled by the Hohenzollerns has grown fivefold in size and the population of their dominions has increased no less than forty-fold. In 1688 Great Britain had five times more inhabitants than had Prussia, but at present Germany has 50 per cent. more inhabitants than has this country. These few figures prove how successful has been the policy of the Hohenzollerns, and in view of their success it is only natural that modern Germany closely follows Prussia's political methods and traditions. The foregoing table shows also that the marvellous rapidity with which Prusso-Germany has grown was due to the strength of her army. *Machtpolitik*, the policy of force, the policy of the mailed fist, has

always been Prussia's favoured policy; it has hitherto been exceedingly effective, and it has, therefore, not unnaturally, become Prusso-Germany's policy as well.

In the seventeenth and eighteenth centuries the little State of Prussia used to maintain a much larger army than Austria, France, and other great, densely populated, and wealthy States. Her army was, as a rule, exceedingly well drilled and absolutely ready for war, and by her army and by her not over-scrupulous diplomacy Prussia succeeded in aggrandising herself at the cost of her neighbours.

Up to the death of Frederick William I. Prussia's diplomacy was simple, crude, artless, and clumsy, though energetic. Frederick William's successor, Frederick the Great, opened a new era in Prussia's foreign policy, for that monarch gave to the diplomacy of his country a new character. The main principle of Frederick the Great's foreign policy was to act with startling rapidity against an unprepared and unsuspecting opponent. In his *Exposé du Gouvernement Prussien, des Principes sur lesquels il roule, avec quelques Réflexions Politiques*, which was written either in 1775 or 1776, he advises his successor as follows: "Constant attention must be paid to hiding, as far as possible, one's plans and ambitions. . . . Secrecy is an indispensable virtue in politics as well as in the art of war."

During the year before he came to the throne, Frederick the Great wrote his celebrated book, the *Anti-Machiavel*, in order to confute Machiavelli's *Prince*, a book which, according to Frederick's preface, was one of the most monstrous and most poisonous compositions which had ever been penned. According to the concluding words of his book, Frederick dedicated the *Anti-Machiavel* to his brother sovereigns; at the end of chapter vi. Frederick emphatically pro-

claims, "Let Cæsar Borgia be the ideal of Machiavel's admirers, my ideal is Marcus Aurelius."

The *Anti-Machiavel*, which was published in 1740, the year in which Frederick ascended the throne, seemed to be a political pronunciamento of the highest importance and the political programme of the King, and very likely it was meant to appear as such in the eyes of the world and to impress foreign rulers with Frederick's love of peace. However, in December of the very year during which the *Anti-Machiavel* had appeared and had proclaimed that Frederick meant to be a prince of peace, the King, under the shallowest of pretexts and without a declaration of war, invaded Silesia and wrested it from Austria, "because," as he frankly confesses in his *Memoirs*, "that act brought prestige, and added strength, to Prussia."

Marcus Aurelius was Frederick's ideal only in his *Anti-Machiavel*. In his military testament Frederick the Great shows himself an admirer and disciple of Machiavel, for we read in that document: "A war is a good war when it is undertaken for increasing the prestige of the State, for maintaining its security, for assisting one's allies, or for frustrating the ambitious plans of a monarch who is bent on conquests which may be harmful to one's interests." In other words, every advantageous war is a good war.

In 1741 Sweden declared war against Russia. Frederick assured Russia on his word of honour that he had not instigated that war, but his assurances were unavailing, and Brakel, the Russian Ambassador in Berlin, warned his Government "not to believe the King, who was consumed with ambitious projects and who would not keep the peace as long as he was alive." It should be noted that it was Frederick's settled policy to foment wars among his powerful neighbours. This

policy was formulated in the following words by Frederick the Great in his *Exposé du Gouvernement Prussien*, which was written for the guidance of his successors : " If possible the Powers of Europe should be made envious against one another in order to give occasion for a *coup* when opportunity offers."

Frederick the Great's attitude towards Russia furnishes us with the key to Germany's historic and traditional policy towards her Eastern neighbour. In Frederick the Great's *Histoire de mon Temps* we read : " Of all neighbours of Prussia the Russian Empire is the most dangerous, both by its power and its geographical position, and those who will rule Prussia after me should cultivate the friendship of those barbarians, because they are able to ruin Prussia altogether through the immense number of their mounted troops, whilst one cannot repay them for the damage which they may do because of the poverty of that part of Russia which is nearest to Prussia and through which one has to pass in order to get into the Ukraine." Russia was dangerous to Prussia, and she possessed nothing worth the taking. A war with Russia, even if it should be victorious, was therefore bound to be very unprofitable to Prussia. Hence it was in Prussia's interest to make Russia harmless either by peaceful means or by involving her in wars with other countries.

The easiest way to neutralise a powerful country and a possible future enemy seemed to the King an alliance with that very State. Therefore we read in his *Exposé du Gouvernement Prussien* :—

" One of the first political principles is to endeavour to become an ally of that one of one's neighbours who may become most dangerous to one's State. For that reason we have an alliance with Russia, and thus we have our back free as long as the alliance lasts."

In another part of his writings Frederick advises his successors : " Before engaging in a war to the south or west of the kingdom every Prussian prince should secure at any cost the neutrality of Russia if he be unable to obtain her active support."

According to Frederick's advice, alliances were to be formed by Prussia, not so much for the defence of Prussia's possessions as for their extension. Alliances were to be considered as engagements which were to serve rather for Prussia's benefit than for the mutual advantage of the allies, and were to be instruments which were to serve more for aggrandisement than for preservation.

Frederick's views as to the sanctity of a ruler's obligations under a treaty of alliance are exceedingly interesting. As the views of Frederick the Great and of Bismarck with regard to a nation's duties under a treaty of alliance coincide, and as these views considerably differ from the English conception as to the sanctity of treaty bonds, it is worth while quoting Frederick's views as to the binding force of treaties which he expressed in his *Memoirs* as follows :—

" If the ruler is obliged to sacrifice his own person for the welfare of his subjects, he is all the more obliged to sacrifice engagements, the continuation of which would be harmful to his country. Examples of broken treaties are frequent. . . .

" It is clear to me that a private person must scrupulously keep his word even if he has given it rashly. If he fails to do so, the law will be set into motion, and after all only an individual suffers. But to what tribunal can a sovereign appeal if another ruler breaks his engagements ? The word of a private man involves but an individual ; that of a sovereign involves, and may mean misery for, whole nations. Therefore the problem may be summed up thus : Is it better that a nation should perish or that a sovereign should break his treaty ? Who would be so imbecile as to hesitate how to decide ? "

The foregoing explanation reminds of Bismarck's cynical remark recorded by Busch: "What are alliances? Alliances are when one has to."

On December 6th, 1772, Frederick the Great wrote to Voltaire, "The world is governed only by skill and trickery," and one is amazed at the skill and trickery with which, during many years of laborious, most intricate and unceasing diplomatic negotiations, Frederick the Second endeavoured to involve Russia and Austria, his strongest neighbours, in war with one another. Sometimes Poland was the object which was to serve Frederick's policy, sometimes Turkey, and Frederick in countless letters never tired pointing out that Russia's advance meant a frightful danger to Austria. On September 3rd, 1770, Frederick met Prince Kaunitz, the Austrian Prime Minister, at Neustadt, and impressed upon him that "Austria can on no account allow Russia to cross the Danube. . . . I am aware that, if the Russians cross the Danube, you would be unable passively to look on. . . . Could you not persuade France to make a declaration to you that, if you were to break with Russia and to make war against her if the Russians should cross the Danube, France would send 100,000 men to help you? You would confide the news to me and I would make use of it."

In these attempts to commit Austria against Russia we have the model which served Bismarck in 1866. At the time of the Austro-Prussian war Napoleon the Third endeavoured as an offset to Prussia's conquests to obtain some territorial compensation for France on the left border of the Rhine. Bismarck, unwilling to let it come to a rupture between Prussia and France at that awkward moment when hostilities had not yet ceased, proposed to Napoleon that he should take

Belgium, as he, Bismarck, had frequently advised the Emperor in former years. Napoleon fell into Bismarck's trap, and Benedetti handed at Bismarck's request a draft agreement to Bismarck which was to be placed before the King of Prussia. As soon as Benedetti had given to Bismarck that compromising document, it was sent to Russia to be shown to the Tsar, and Bismarck explained to Benedetti that the delay in deciding upon it was caused by the hesitation of the King of Prussia. By this trick Bismarck succeeded in convincing the Tsar that France was a disturber of the peace, and in securing Russia's support in the subsequent war against France.

Frederick's skill and trickery was not confined to his unceasing attempts to create war among his neighbours. The division of Poland was Frederick's work, but he knew how to put the odium of that transaction on the shoulders of Russia, who apparently took the initiative. Austria had intended to keep aloof from the partition of Poland, and a short-sighted Prussian statesman would have endeavoured to take advantage of Austria's disinclination to participate in that shameful transaction in order to secure a larger portion of Polish territory for Prussia. However, Frederick looked farther ahead, and therefore he wished to induce Austria to assist in the spoliation of Poland. On February 16th, 1772, Frederick wrote to Solms: "If Austria gets no part of Poland all the hatred of the Poles will be turned against us. They would then regard the Austrians as their sole protectors, and the latter would gain so much prestige and influence with them that they would have thousands of opportunities for intrigues of all kinds in that country." In these words we find the reasons which caused Frederick to work upon Austria for years until he at last succeeded

in persuading her against her will that it would be in her own interest if she took part in the division of Poland. By giving Austria a part of Poland Frederick made his own share of the plunder smaller but more secure. At the same time he weakened Austria by furnishing her with a disaffected province and a cause of friction with Russia, for those parts of Poland which fell to Austria were coveted by the Russians. The partition of Poland bound the three confederates in that crime to one another, and thus Frederick succeeded in creating a situation which allowed Prussia to aggrandise herself easily at the cost of the minor German States and of France. Bismarck's political successes were founded on, and made possible by, the partition of Poland which had made Russia Prussia's traditional friend and ally. He imitated Frederick's policy when, in 1878, at the Congress of Berlin, he estranged Italy and France by securing for France Tunis, upon which Italy had the strongest claim, and when he estranged Russia and Austria-Hungary by giving Bosnia and Herzegovina to Austria, while Russia returned from the Congress empty-handed. Owing to this arrangement, Austria and Russia and France and Italy were set against one another. For their own safety Austria and Italy had to seek Germany's support, and thus the Triple Alliance was made a necessity.

Frederick the Great had said in his *Exposé:* "All far-off acquisitions are a burden to the State. A village on the frontier is worth more than a principality two hundred and fifty miles away." Bearing in mind the wisdom of Frederick's maxim, Bismarck refused to embark in risky but dazzling adventures which appealed to the imagination, and which were suggested to him by the representatives of old Germany, South German professors, and cosmopolitan philanthropists

who, fifty years ago, agitated in favour of making Germany a sea Power. Not heeding their recommendations, Bismarck kept in mind "the village on the frontier." Believing that he ought first to settle the business nearest at hand, he intended, before embarking on the sea, to make Prussia the strongest Power on the Continent of Europe. Nor was Bismarck willing to follow the policy recommended to him by the German Liberals, who, guided by the declamation and the rhetoric fireworks of Mr. Cobden, Mr. Bright, and other distinguished Englishmen, preached disarmament, the weakening of the executive of government, the establishment of a universal brotherhood among nations in a universal commonwealth of commerce and the universal freedom of trade. Believing that the Millennium was not yet at hand, Bismarck refused to be guided by the somewhat hazy sentiments of unpractical, though large-hearted, enthusiasts, and resolved to rely in his policy on the old Prussian political traditions and methods, which he summed up in the two words "Blood and iron." Therefore he meant to raise Prussia to further greatness not by a sentimental policy of drift, but by vigorous action and by the sword.

Immediately on coming into power Bismarck doubled the Prussian army, and, bearing in mind Frederick's advice to ally Prussia with her most dangerous neighbour, her future antagonist, he induced Austria in 1864 to enter, in alliance with Prussia, upon a common campaign against Denmark, who was deprived of Schleswig-Holstein with the harbour of Kiel, and of more than 1,000,000 inhabitants. Thus Bismarck brought Prussia back to her traditional policy of conquest, and after fifty years of peace reopened the war-era in Europe. Two years later, after having secured Napoleon the Third's benevolent

neutrality in return for vague promises that France should have Belgium, Bismarck attacked Austria, Prussia's ally in the Danish campaign of 1864, being determined to humble Austria and thus to secure for Prussia the leading place among the German States.

Having secured Russia's support against France largely by the means which have previously been described in this chapter, Bismarck turned against France, who, by her benevolent attitude towards Prussia during the Austro-Prussian war, had assisted materially in Prussia's aggrandisement exactly as Austria had done in 1864. Through Bismarck's skilful management of the Spanish question,—the alteration in the text of the Ems telegram was a minor incident,—war broke out between France and Prussia in 1870, and, after a victorious campaign, in which the South German States joined, the German Empire was erected on the ruins of France, and the South German States became amalgamated with Prussia. Thus Prussia became almost synonymous with the German Empire. The King of Prussia became Emperor of Germany, which, as William the First somewhat contemptuously, though very truly, said, was merely "an enlarged Prussia."

Having raised Prussia to greatness, Bismarck, like Frederick the Great, endeavoured to weaken his most powerful neighbour, Russia, who, at the outbreak of the Franco-German war, had announced that she would assist Germany if another Power should assist France. Thus Russia had kept Austria, Italy, and Denmark at bay, who were willing to help France, and had enabled Prussia to defeat France and to raise herself to further greatness. Encouraged, incited, and almost pushed by Bismarck, Russia made war upon Turkey in 1877. This war utterly crippled her

strength and, thanks to Bismarck's manipulation at the Congress of Berlin, she was deprived of the fruits of her victory, which she had expected Germany would, in gratitude for her past services, assist in securing for her.

When Bismarck had established Germany's greatness and had secured her paramountcy on the Continent of Europe by weakening all her neighbours by creating discord between all European great Powers, he thought that now the time had come for Germany to seek further expansion in other continents, and he, not William the Second, originated Germany's world policy. Already in 1876 Bismarck had contemplated acquiring a large part of South Africa with the help of the Boers. According to the very reliable Poschinger, Santa Lucia Bay was to be acquired by Germany, and German merchants were found ready to build a railway from that harbour to Pretoria, and to run a line of ships to Santa Lucia Bay, whereto, by specially cheap fares, a great stream of German emigrants was to be directed. Thus a German South Africa was to be founded. The sum of marks 100,000,000 (£5,000,000) was thought to be sufficient for financing that enterprise, and German business men were willing to find that sum, provided 5 per cent. interest on that sum was given to them by the State during ten years. At that time Germany was financially exhausted through a violent Stock Exchange crisis and through the consequences of Free Trade, which had crippled her manufacturing industries. Therefore this project had temporarily to be abandoned for lack of funds. In 1884 Bismarck made another and more determined attempt at acquiring Santa Lucia Bay, but this second attempt miscarried through the incapacity of his son, to whom the negotiations had been entrusted.

Since the time when Prussia and Germany were

given Parliaments, Prusso-German policy is no longer exclusively shaped by the ruler and his trusted minister, but it is influenced to some considerable extent by the will and by the wishes of the people. Consequently, if we wish to understand the foreign policy of Germany, we must not only consider the attitude of the actual political leaders of the nation and weigh the influence of those political traditions of the country which have become the leading political axioms of State, but we must also consider the views of the very influential German professors.

The German university professors play a very important part in the foreign policy of Germany. There are twenty-two universities in Germany, in which more than three thousand professors teach more than forty thousand students. These three thousand university professors not only form the minds of the professional men and of the future high and low officials, and thus influence cultured public opinion in the making, but they also write much for the newspapers. The views of the German professors carry very great weight with the newspapers, and thus they profoundly influence not only the cultured circles but the whole nation.

None of the German university professors has exercised a greater influence upon the shaping and the development of Germany's foreign policy than Professor von Treitschke, the great historian, who, during about thirty years, enjoyed the greatest authority in the lecture room and with the Press in matters political. No German professor of his time had a greater weight and a more lasting influence with the German patriots. Therefore we must take note of his leading views and of the political doctrines which he inculcated.

Treitschke gazed ahead towards the time when his dream of a Greater Germany, a Germany whose

dominions would extend beyond the seas, would be realised; when Germany would be able to enter upon a world-embracing policy, and when, after having acquired the harbours of Holland and built an enormous fleet, she would be able to measure her strength with that of the Anglo-Saxon countries. The claim of the Pan-Germans to the possession of the whole Rhine is not of recent origin. It is based on Treitschke's claim which he formulated in his book, *Politik*, as follows :—

"Germany, whom Nature has treated in a stepmotherly manner, will be happy when she has received her due and possesses the Rhine in its entirety. . . . It is a resource of the utmost value. By our fault its most valuable part has come into the hands of strangers, and it is an indispensable task for German policy to regain the mouths of that river. A purely political union with Holland is unnecessary, because the Dutch have grown into an independent nation, but an economical union with them is indispensable. We are too modest if we fear to state that the entrance of Holland into our customs system is as necessary for us as is our daily bread, but apparently we are afraid to pronounce the most natural demands which a nation can formulate."

In view of Germany's dearth of harbours the acquisition of the Netherlands was considered the first step towards entering upon a world-embracing policy, and acquiring a predominant position not only in Europe but in the world across the ocean. It was clear to Treitschke that Germany could acquire such a position only after England had been crushed and after the rule of the sea had been wrested from her. Then, and then only, would Germany find a free field for her energy in every quarter of the world. This was his view, and he explained the nature of the future relations between Germany and this country with his usual candour at every occasion. The policy which he recommended towards this country, and his opinion

of this country, may be seen from the following characteristic extract from his paper, entitled *Die Türkei und die Grossmächte,* which was published on June 20th, 1876 :—

"Whatever one may think of British liberty, England of to-day is no doubt a Power for action in the society of nations, but her power is clearly an anachronism. It was created in the olden time when the world's wars were decided by naval battles and by hired mercenaries, and when it was considered good policy to rob well-situated fortresses and naval ports without any regard to their ownership and history. In this century of national States and of armed nations a cosmopolitan trading Power such as England can no longer maintain itself for any length of time. The day will come and must come when Gibraltar will belong to the Spaniards, Malta to the Italians, Heligoland to the Germans, and the Mediterranean to the nations who live on the Mediterranean. . . . England is to-day the shameless representative of barbarism in International Law. Hers is the blame, if naval wars still bear the character of privileged piracy."

Treitschke detested this country, wished to see it crushed, and hoped to see a huge German World Empire arise on the ruins of Anglo-Saxondom. Decades would have to pass by until Germany would be strong enough to crush the Anglo-Saxons. Meanwhile the most pressing need of Germany seemed to Treitschke the acquisition of large colonies situated in a temperate zone whereto a stream of German emigrants might be directed. In *Deutsche Kämpfe* we read :—

"In the South of Africa circumstances are decidedly favouring us. English colonial policy, which has been successful everywhere else, has not had a lucky hand at the Cape of Good Hope. The civilisation which exists there is Teutonic, is Dutch. The policy of England in South Africa, which vacillates between weakness and brutality, has created a deadly and unextinguishable hatred against her among the Dutch Boers. . . . If our Empire has the courage to follow an independent colonial policy with determination, a collision of our

interests and those of England is unavoidable. It was natural and logical that the new Great Power of Central Europe had to settle affairs with all Great Powers. We have settled our accounts with Austria-Hungary, with France, and with Russia. The last settlement, the settlement with England, will probably be the lengthiest and the most difficult one."

Having taken note of the world-embracing political measures which Treitschke advocated, let us now consider the leading maxims of his political philosophy. Treitschke lectured not only on history but on policy as well, and the political theories which he taught have been of very great importance in developing the political mind, and in creating the political conscience, of Germany. It would lead too far to describe here Treitschke's system of policy. It must suffice to say that his system is but an elaboration of the political teaching of Machiavelli and the glorification of the political methods which have been adopted with such marvellous success by Frederick the Great and by Bismarck. Therefore we read in the beginning of his book *Politik* :—

"It will always redound to the glory of Machiavelli that he has placed the State on a solid foundation, and that he has freed the State and its morality from the moral precepts taught by the Church, but especially because he has been the first to teach: 'The State is Power.'"

Starting from his fundamental conception that "The State is Power," that it is not a moral agent, but merely power, Treitschke logically arrives at the following conclusion regarding the sacredness of treaties: "Every State reserves to itself the right of judging as to the extent of its treaty obligations."

If we bear in mind Treitschke's teaching, can we wonder that Treitschke's pupils gave such a peculiar interpretation to that Anglo-German Treaty regarding

the integrity of China which was explained away by German diplomacy immediately after it had been signed, which since has become known as the Yangtse Agreement, and which our Foreign Office might safely have put into the fire? Seeing in the State not a moral representative of the nation, but merely power personified, Treitschke was the most determined opponent to international arbitration, for we read in his book *Politik:* "The institution of international and permanent courts of arbitration is incompatible with the very nature of the State. Only in a question of secondary or tertiary importance would it be possible to obey the ruling of such a court. For vital questions there exists no impartial foreign power, and to the end of history arms will give the final decision. Herein lies the sacredness of war." Taking note of Treitschke's political philosophy, we cannot wonder that modern Germany is the strongest opponent to International Arbitration, and that she was the most reluctant participant of the first International Peace Conference at the Hague.

Treitschke died in 1896, but his work has survived him. The seed which he had sown broadcast in countless lectures, books, pamphlets, and newspaper articles has borne fruit. Thus Treitschke has helped in opening an era of universal political unscrupulousness in Germany, and he has created a mighty popular movement towards expansion over sea, with the object of destroying the power of Anglo-Saxondom. Germany's determination to diminish the greatness of this country is largely due to Treitschke's influence, and Germany's resolve to possess herself of a fleet of overwhelming strength, regardless of cost, is perhaps as much ascribable to the activity of Treitschke and of his followers, as to the activity of William II. and his Navy League.

It must not be thought that the professors have

created the world policy of Germany, for that policy was begun by Bismarck who, looking further ahead than Treitschke and his friends, saw rather in the United States than in England Germany's most formidable opponent. Great Britain was to him "a country which had seen better days." Many years ago Bismarck significantly said to Bucher :—

> "Up to the year 1866 we pursued a Prusso-German policy. From 1866 to 1870 we pursued a German-European policy. Since then we have pursued a world policy. In discounting future events we must also take note of the United States, who will become in matters economic, and perhaps in matters political as well, a much greater danger than most people imagine. The war of the future will be the economic war, the struggle for existence on the largest scale. May my successor always bear this in mind and always take care that Germany will be prepared when this battle has to be fought."

Bismarck left the preparation for that battle between Germany and the United States and England not merely to posterity, but he prepared his country for that struggle, and especially for the economic part of that struggle, by his economic policy. His protective tariff of 1879 was directed against Great Britain and the United States, though principally against Great Britain, and we see the outcome of his policy in the fact that Bismarck's policy has succeeded in crippling our industries and in transferring industrial success and industrial prosperity from Great Britain to Germany, as will appear in the course of this book.

Bismarck's successors have continued Bismarck's policy, and have improved upon it. Not only has Germany more, and ever more, severely penalised our manufactures by protective tariffs, and impoverished and thrown out of work the masses employed in our manufactories, but she has besides in every way

favoured and promoted the formation of gigantic trusts (Syndikate, Kartelle), which were chiefly designed to destroy our industries by persistently underselling us in foreign markets, and especially in our home market. Furthermore, Germany has, by the conclusion of commercial treaties with many Powers, secured for the German industries an immense outlet, almost the monopoly, in many countries on the Continent of Europe to the disadvantage of our own industries, and she is now assiduously working for a Central European Customs Union of States to which union she means to be the most favoured, and almost the sole, purveyor of manufactured articles. Thus Germany is striving to recreate in time of peace Napoleon's Continental system against this country whereby English goods were excluded from all Continental countries under his sway. Through Germany's action our markets on the Continent of Europe have been completely spoiled, and before long they may be almost closed against British manufactures unless Great Britain meets force with force and violence with violence instead of meeting it with polite and perfectly useless remonstrations.

Though Bismarck ostensibly was Russia's friend, he strengthened Turkey against Russia by providing her with arms, with money, with railways, and with officers. Bismarck's successors have continued that policy and have extended it towards this country as well. In Egypt and in China Germany's agents have intrigued against Great Britain, and even during the Tibet settlement we had to overcome Germany's opposition at Pekin. Last, but not least, the South African war would perhaps never have broken out had Germany not deluded the Boers into the belief that, as the German Secretary of State for Foreign Affairs declared

to us in writing, "the independence of the Transvaal Republic is a German interest," and had she not lavishly supplied the Boers with arms and ammunition.

Some years ago the German Emperor painted a symbolical picture of the "Yellow Peril," which he sent to the Tsar, and since then official and semi-official Germany has persistently urged Russia that it was her mission to civilise the Far East and to rule Asia. Germany hoped that Russia in civilising, which means conquering, Asia would come into collision with this country, but Providence willed it otherwise. Blindly advancing at Germany's bidding, the Russians rushed upon Japan's bayonets, and now Russia is crippled for many years to come. Only the lesser aim of Germany's foreign policy has been achieved. Russia is powerless, but Great Britain's force is unimpaired.

It should here be remarked that it is an axiom of German policy that the interest of Great Britain and Russia in Asia are, and will remain, irreconcilable, the wish being probably father to the thought. Therefore, in her attitude towards Great Britain and Russia, it is Germany's constant aim in every quarter of the world, and at every opportunity, to accentuate and to increase the differences between Russia and this country. Many examples of Germany's endeavours in this direction could be quoted.

Starting from the premise that the differences between Great Britain and Russia in Asia are, and will remain, or at least may be made to be, irreconcilable, German diplomacy has logically arrived at the following fundamental rule of conduct from which German foreign policy has determined not to swerve. This rule is that Germany never can, and never will, be the friend or the enemy of both Great Britain and Russia at the same time, because Great Britain and Russia must be

made to act constantly as a counterpoise against one another and to quarrel with one another to Germany's benefit.

If we now abandon for a moment diplomatic theory, and look at Germany's fundamental rule of political conduct towards Russia and this country from the point of view of political and military practice, it will be seen that Germany's policy is an exceedingly wise one. If Germany has to fight Russia, Great Britain can effect a powerful diversion in the Baltic and in the Black Sea, especially if, as until lately was the case, the Russian fleet is numerically stronger than the German Navy. On the other hand, if Germany should be engaged in a war with Great Britain, Russia's help would be invaluable to Germany, for Germany would endeavour to attack Great Britain in India over land, hand-in-hand with Russia. The happiest result of Germany's policy towards Russia and Great Britain would, of course, be if Russia and Great Britain could be made to fight one another to exhaustion. By such an exhaustive Anglo-Russian war Germany would be freed of all restraint, and would, with her strong fleet and immense army, be able to act on land and sea according to her pleasure.

From the foregoing it follows that it is easy for British diplomats to understand Germany's real attitude towards this country. If Germany is actively friendly to Russia, she is actually, though probably secretly, hostile to Great Britain ; if she is on terms approaching hostility with Russia, Germany is friendly to this country. Furthermore, it is clear that all attempts on the part of Russia and Great Britain to settle their differences and to arrive at an understanding are viewed with the most serious alarm by Germany, for in a war with Great Britain Germany

could harm this country easiest if Russia would enable her to attack India. For these reasons the conclusion of an Anglo-Russian understanding is considered to be one of the greatest calamities by Germany.

During the last twenty years Germany has felt confident that she need not fear a Russian attack. Consequently she has constantly supported Russia against this country.

Germany has always tried to create an effective counterpoise against Great Britain. Bismarck set France and England against one another over Egypt, and encouraged France in her anti-British attitude, and his successors continued Bismarck's policy. Therefore Germany recently tried to frighten France away from Great Britain by raising the Morocco question.

Germany's Venezuela policy also aimed at creating a counterpoise, if not an enemy, against this country. When the United States took umbrage at the Anglo-German Venezuela expedition, Great Britain wished to withdraw, but Germany insisted that the Venezuela business should be carried through, arguing that some show of energy on the part of the strongest naval and of the strongest military Power would cause the United States to withdraw, and would teach them to be modest for at least thirty years. Happily our diplomacy did not stumble into the trap, and saw the point of the argument, which was similar to that of Frederick the Great when he told the Austrians that they could not allow the Russians to cross the Danube, and that they should oppose their crossing in alliance with France.

A few years ago the vague and groping movement towards the unification of the British Empire began to take a more tangible shape. Canada offered preferential fiscal treatment to the Mother Country, other

colonies were inclined to follow, and Mr. Chamberlain cordially responded to the advances made by the Colonies, and began to work for a British Imperial Fiscal Union. Treitschke and his followers had frequently declared that the British Empire was an empire only in name, that it would gradually fall to pieces; that the United States would have a similar fate, and that united Germany would eventually profit from these fatal and suicidal disintegrating tendencies among the Anglo-Saxon nations. Therefore Germany resolved, if possible, to kill the movement towards Imperial Unification, and declared commercial war against Canada. As the penalising of Canada's exports failed to have the desired effect, further measures to prevent the unification of the Empire were contemplated and threatened by Germany, and on June 29th, 1903, Lord Lansdowne made the following extraordinary statement in the House of Lords :—

"The position between Germany and Canada with which we were threatened is not one which His Majesty's Government could regard as other than a serious position. It is not merely that we found that Canada was liable to be made to suffer in consequence of the preferential treatment which the Canadian Government had accorded to us, but it was actually adumbrated in an official document that if other colonies acted in the same manner as Canada, the result might be that we, the mother country, would find ourselves deprived of most-favoured-nation treatment."

Not satisfied with crippling our industries and our trade, and with hampering our commercial expansion, Germany tried to oppose the political unification of the Empire by threats. Germany's action was all the more astounding as she could not seriously expect to be consulted in the arrangement of a purely internal affair between the component parts of the British

Empire, for it is clear that the giving of fiscal preference between Motherland and Colonies is a purely domestic affair, and a right which, by the law of nature and of nations, all nations exercise, and which no third nation is entitled to question.

We have now taken note of the three main factors of German policy by having surveyed Germany's genesis and political history; by having acquainted ourselves with her political traditions and methods, and with those political principles of hers which have become the leading maxims of German statesmanship; and we have taken account of the political aspirations of the masses of the people. These three factors form the triple foundation of Germany's foreign policy, which is directed by the Emperor.

The father of William the Second, Frederick the Third, was a peaceful, liberal-minded man, who, through his English wife, had received many English ideas and many English ideals. With him the State was not merely "Power," but a power for good. With him generosity and humanity were not merely empty words and part of the diplomat's stock-in-trade of political counters. It was not his idea that "Might is Right." He was imbued with the sense of political morality, a feeling which, it is true, Machiavelli treated almost with contempt. The views of the Emperor and the Empress Frederick were diametrically opposed to those of Prince Bismarck, who proved victorious in the lengthy struggle which he waged against what he called "English influences" and "petticoat influences." In these struggles Bismarck was energetically supported by the present Emperor, then Prince William, whom old Prince Bismarck used in many ways to liken to Frederick the Great. The present Emperor, indeed, resembles in many ways his great ancestor. He has

the same self-consciousness, the same many-sidedness, the same passionate desire to aggrandise his country, the same political methods, and the same love of a powerful army. How will the Emperor make use of his military forces and of his opportunities ?

The present position of Germany is most favourable. She has defeated France and Austria. Russia lies exhausted. Germany has her elbows free. On the Continent of Europe she is not only the strongest, but by far the strongest, Power. Now or never is her opportunity. Will she make use of it ? Will she try to take Holland, or will she interfere in Austria-Hungary and try to save the dissolving German element in that country by incorporating with Germany, in some form or other, the western half of that monarchy ? Or will she endeavour to take another slice of France and the French colonies ? Or will Germany at present abstain from action, notwithstanding her opportunities, and continue in feverish haste to increase her enormous navy " for the protection of commerce " until an occasion for using it against a great naval and colonial Power arises ?

CHAPTER III

THE EXPANSION OF GERMANY AND THE PROBLEM OF AUSTRIA-HUNGARY

During the last few decades, the population of Germany has been increasing with marvellous and unprecedented rapidity. From 1870 to the year 1905, it has grown from 40,818,000 people to more than 60,000,000 people, and has therefore increased by exactly 50 per cent. During the same period, our own population has increased from 31,817,000 people to 43,000,000 people, or by but 32 per cent. No nation in the world, excepting those oversea, which yearly receive a huge number of immigrants from abroad, multiplies more rapidly than does the German nation, as may be seen from the following figures :—

Average Yearly Increase of Population between the Last and the Previous Centuries

Germany . .	+15,000	inhabitants	per million	of inhabitants
Russia . . .	+13,600	,,	,,	,,
Holland . .	+12,300	,,	,,	,,
Switzerland .	+10,400	,,	,,	,,
Belgium . .	+10,100	,,	,,	,,
Great Britain	+9,400	,,	,,	,,
Austria-Hungary	+9,300	,,	,,	,,
Spain . . .	+8,800	,,	,,	,,
Italy . . .	+6,900	,,	,,	,,
France . . .	+1,700	,,	,,	,,

From the foregoing table, it appears that not only the population of Germany, but that of all the chiefly

Germanic nations increases very much faster than that of other nations, Russia excepted. However, Russia cannot fairly be compared with Germany, partly because her population statistics are not reliable, partly because the growth of her population is to some extent due to conquest.

Whilst the increase of the population per million of inhabitants among many other nations is rapidly becoming smaller and smaller, a fact which is so well known that it need hardly be substantiated by statistics, the population of Germany has, during the last few decades, been growing with constantly increasing rapidity, and the present rate of increase is absolutely unprecedented in that country. Between 1820 and 1885, the average yearly increase of the population of Germany was only 8,900 per million of inhabitants; but the average increase amounted to 10,700 per million per annum between 1885 and 1890, to 11,200 per million per annum between 1890 and 1895, and to the record figure of 15,000 per million per annum between 1895 and 1900. At present, when other nations are comparatively but slowly expanding, the 62,000,000 in Germany are adding yearly approximately 900,000 to their numbers, whilst Great Britain adds less than 400,000 to her population. As, at the same time, the 30,000,000 Germans who live outside of Germany are increasing with similar rapidity, the 90,000,000 Germans appear to be multiplying even faster than the 85,000,000 inhabitants of the United States, notwithstanding the fact that these receive, on an average, more than 800,000 emigrants per annum.

Therefore the proud boast of the Pan-Germans, that it is the destiny of the Germans in Germany and in Greater Germany to rule the world, would

appear to be correct, were it not for a singular phenomenon which, so far, has remained almost unobserved. Whilst the 60,000,000 Germans in Germany are increasing with astonishing rapidity, the 30,000,000 Germans who live in Austria-Hungary and in other countries are so rapidly losing all German characteristics and even the German language, that it seems possible that forty or fifty years hence the number of Germans outside Germany proper will be almost *nil*. The rapid disappearance of the 30,000,000 Germans in Greater Germany is so extraordinary a process, and it is so important a factor in Germany's foreign policy, that it is worth while to look somewhat closely into the position of the Germans in all countries outside Germany.

Since the time when Tacitus wrote, the Germans have always been one of the most prolific races, if not the most prolific race, in Europe, and they would, no doubt, have obtained the dominion of the world by sheer weight of numbers had it not been for two racial peculiarities. In the first place, the German tribes and nations have never been unified, but have always been fighting and exterminating one another from prehistoric times through the Middle Ages and the Thirty Years' War up to the Austro-Prussian War of 1866. In the second place, the Germans who have settled among foreign nations have, even if they came as conquerors, easily given up their national characteristics and their language, and have allowed themselves to be submerged and assimilated by other races. The Franks, who went to Northern France, became French; the Longobardi, who conquered Italy and who ruled the North of Italy for centuries, became Italian, and only a few names, such as Lombardy, remind one of the ancient rule of the dreaded "Long-

beards." The Goths in France and in Spain, and the Varagi and Goths in Russia have similarly disappeared, and only a few names here and there remind one of the hosts of German conquerors who were swallowed up by those countries as the Pharaoh's hosts were swallowed up by the Red Sea.

It seems to be a law of Nature, and may be considered an axiom, that the Germans increase only in countries where none but Germans live. If Germans have to live side by side with men of another nationality, they are easily absorbed and soon lose their language unless a vigorous German Government upholds Germanism by force and counteracts the natural tendency of Germans to sink their nationality by forcibly Germanising those who, otherwise, would denationalise the Germans.

The 90,000,000 Germans who live in Germany and in Greater Germany are distributed as follows, over the globe :—

Germany	62,000,000
Austria-Hungary	11,550,000
Switzerland	2,320,000
Russia	2,000,000
Various European countries	1,130,000
Total in Europe	79,000,000
United States and Canada	11,500,000
Central South America	600,000
Asia, Africa, Australia	400,000
Grand Total	91,500,000

In Austria-Hungary the Germans not only rapidly increased in numbers, but they increased proportionately more rapidly than did the other nations which dwell in that country as long as they were politically

predominant, and were able to Germanise the other races with which they share the land. However, since a few years, the Germans have lost their proud position in the Dual Monarchy. Czechs, Poles, and Magyars have begun to assert their national claims. They have rebelled against being treated as an inferior race by the Germans, and since then the Germans have been losing ground in Austria-Hungary with startling rapidity.

In the Austrian half of the monarchy, where four-fifths of the Austrian-Germans are found, there lived 8,461,580 Germans, according to the census of 1890. At the census of 1900, 9,170,939 Germans were counted in that country. At first sight, the increase in the German population of 8,380 per million per annum, which compares with 15,000 per million per annum in Germany, may appear not unsatisfactory; but when we look more closely into the population statistics of Austria we find that that increase is insufficient, for the Austrians of non-German nationality have increased much faster than have the Germans. During the last decade the Austrian Poles increased by 14,520 per million, the Austrian Ruthenians by 10,450 per million, the Austrian Czechs by 8,820 per million, whilst the Austrian Germans increased only by 8,380 per million, or slowest of all. Therefore it comes that, in 1880, 36.75 per cent. of the Austrians were Germans, that in 1890 the proportion of Germans had shrunk to 36.04 per cent. of the total population, whilst in 1900 the proportion of Germans had further fallen to 35.78 per cent. This decrease is perhaps not very great, but it is only the beginning of an enormous shrinkage which has commenced to set in, as will readily be seen if we examine the position of the 6,000,000 Germans who live in

those parts of Austria where they come into contact with other nationalities.

In the Middle Ages, Bohemia was colonised by Germans, and it was Germanised by force; but when the Hussites rose in rebellion, more from political and national than from religious motives, the progress of Germanisation was interrupted, but in course of time it was resumed. At present, Bohemia possesses a prominently German and a prominently Czech sphere. About 37.27 per cent. of the whole population are Germans, and about 62.67 per cent. are Slav. The Germans live chiefly in the north of Bohemia, and form a fringe along the Austro-German frontier. The Czechs sit in the middle and in the east of Bohemia.

Prague, the capital of Bohemia, which is situated in the central part of the country and in the Czech sphere, used to be a German town, and its celebrated university was, until 1882, a purely German institution. But since then, and especially during the last ten or fifteen years, Prague has become almost completely Czech. In 1890 there were still 16 per cent. of German-speaking people in Prague. In 1900 only 10 per cent. of German-speaking people were left in that town, and the celebrated German university has been swamped by the Czechs. Although the number of Czech and German professors and lecturers is equally great, there are about 3000 Czech students as compared with only about 1000 German students, and the number of the Germans remains stagnant, whilst that of the Czech students is rapidly increasing.

The Czechs, who have seen their nationality and their language suppressed for centuries, and who for centuries have been treated as an inferior race

by the Germans, and have been treated with injustice, work with passionate energy and with the zeal of revenge to reconquer Bohemia from the Germans, and to make it again an independent nation, free from German control. The Germans offer only a feeble, passive, and futile resistance to the determined onslaught of their opponents. The Czechs in the towns of mixed nationality not only refuse to learn German, but disdain to speak it even if they know the language. In fact, it is dangerous for a German to enter a Czech restaurant and to speak German in it, for he will expose himself to suffering bodily violence at the hands of the fanatic and easily infuriated Czechs, to whom the sight of a German and the sound of the German language appears as an insult.

Whilst the Czechs are determined to remain Czechs, and refuse to learn and to speak German, the Germans in Bohemia are sending their children in rapidly increasing numbers into the Czech schools, and have thus capitulated to the Czechs. Therefore it comes that, although 37.3 per cent. of the total population of Bohemia are Germans, only 33.8 per cent. of the school children are described as German-speaking; consequently, it seems that, at present, at least one-tenth of the German children throughout Bohemia are being converted into Czechs. In the German school district of Bohemia 332,118 children were described as speaking only German, 30,320 children, or as much as one-ninth, as speaking Czech and German, and 14,203, or one twenty-fourth, as speaking only Czech. On the other hand, in the Czech school districts, 597,149 children were described as speaking only Czech, 10,743, or but one-fiftieth, as speaking Czech and German, and 2603, or only

one in two hundred and twenty-nine, as speaking only German. In other words, of the children in the German schools about one out of eight speak Czech, whilst of the children in the Czech schools, hardly one in forty-five children speaks German.

In Prague the migration of the German children to the Czech camp is still more pronounced than it is for the whole of Bohemia. In the German school district in Prague there were, according to the last statistics, but 1432 German-speaking children, whilst the vast majority, namely 3480 children, spoke both languages, and 323 children spoke Czech only. But in the Czech school district of the capital the German language is almost unknown, for there 16,644 children speak Czech, 163, or less than one child in a hundred, speak both languages, and one solitary child is described as speaking German only. Here we have an astonishing contrast between the Czech and the German attitude. Almost three-quarters of the children in the German school districts speak Czech, whilst not one hundred of the children in the Czech school district speak German. The German language, after having been the medium for centuries, is rapidly and completely disappearing in Bohemia, and is being replaced by Czech.

From the foregoing it appears that the Germans in Bohemia, and especially in Prague, lead their children by the thousand into the camp of the Czechs. In a few years Prague will have become completely Czech, and by the time that the children who at present go to school have grown up, German will probably be as little spoken in Bohemia as it is now spoken in Hungary. In 1900 there were 2,337,013 Germans in Bohemia, and their number has increased

by 8420 per million per annum since 1890, largely owing to the industrial expansion in that country. But if the political power of the Czechs should be strengthened—and all indications point in that direction—the German parts of Bohemia would as rapidly lose their German character and the German language as Prague has lost its German character and language.

In Moravia, where 27.1 per cent. of the population are Germans, and 71.36 per cent. of the people are Slavs, chiefly Czech, similar conditions prevail. In Brünn, the largest town of Moravia, the proportion of Germans has shrunk from 69 per cent. in 1890 to 64 per cent. in 1900; but although the Germans are still in a great majority in that town, only 4880 children are described as speaking German, whilst no less than 8807 children, or almost two-thirds of the total, are stated to be speaking Czech, or Czech and German. How retrogressive the German element is in Moravia may be seen from the fact that the German population of that country comprised 29.4 per cent. of the population in 1890, but only 27.9 per cent. in 1900. When the thousands of German children who now learn Czech at the schools have become men and women, Moravia will probably contain only traces of the German population.

In Austrian Silesia the Germans have to share the land with both Czechs and Poles, and numerically the Germans are by far the strongest element. Nevertheless, they have rapidly lost ground during the last decade. In 1890, 47.8 per cent. of the inhabitants of Austrian Silesia were Germans, 30.2 per cent. were Poles, and 22 per cent. were Czechs. In 1900 only 44.7 per cent. of the population were Germans, 33.3

per cent. were Poles, and 22 per cent. were Czechs. The ground which the Germans lost in Silesia was gained by the Poles, and here, as in Bohemia and Moravia, the German children are sent to schools where they learn Czech or Polish. Therefore we find that, although 44.7 per cent. of the total population of Austrian Silesia were Germans, only 38 per cent. of the children were described as speaking German. Apparently one-sixth of the German children are going to Czech and Polish schools, where they are rapidly being converted into Czechs and Poles.

In Galicia 200,000 Germans live among 4,000,000 Poles and 3,000,000 Ruthenians, and the Germans are rapidly disappearing. The German population of Galicia has declined from 227,600 in 1890 to 211,752 in 1900, and the proportion of Germans to non-Germans in the country has, during the same time, fallen from 3.46 per cent. to but 2.91 per cent.

In Tyrol there are 460,840 Germans and 304,578 Italians, and in that country the proportion of Germans to non-Germans has, between 1890 and 1900, slightly increased. However, notwithstanding the fact that the number of Germans is more than 50 per cent. larger than is that of the Italians, we find that 60,403 children were described as speaking German, 57,418 as speaking Italian, and 3061 as speaking both German and Italian. According to the numbers of Italians and Germans, there should be 80,000 German-speaking children and 40,000 Italian-speaking children. Consequently, it appears that in Tyrol about 22,000 German children are being Italianised, and it seems likely that the Italian element will, eventually, be as victorious over the German element in the south of the monarchy as

are the Czechs and the Poles in the north of Austria.

The foregoing facts and figures clearly prove that in those parts of Austria where Germans live side by side with other nationalities, the former are rapidly being absorbed by the latter. The Germans who live in Austria-Hungary are likely to increase only in those districts where exclusively, or nearly exclusively, Germans are living. These districts are Upper Austria, Lower Austria, Salzburg, Styria, and Carinthia.

In 1890, 2,107,577 Germans lived in Hungary. Ten years later, 2,114,423 Germans were counted in that country. Therefore it appears that, whereas the German population in Germany has grown by 131,000 per million between 1890 and 1900, the German population in Hungary has grown by but 3000 per million during the same time, or at about one-fortieth the rate of speed. The German population of Hungary has remained practically stationary during the last decade, although the whole population of Hungary has considerably increased. Consequently the German element, although it is unchanged in numbers, has greatly decreased in proportion to the total population. In 1890, 12.1 per cent. of the population of Hungary were Germans. In 1900 only 11 per cent. of the inhabitants of the country were Germans. The decrease of the German population has been particularly striking in Hungary proper, where the proportion of German inhabitants has shrunk from 13.7 per cent. in 1890 to only 12 per cent. ten years later. In other words, in 1890 one German was to be found for every six Hungarians in Hungary, whilst in 1900 there was only one German to every eight Hungarians. In the Hungarian towns

the Germans have lost ground at a surprisingly rapid rate, as the following figures show :—

PROPORTION OF GERMANS IN IMPORTANT HUNGARIAN TOWNS

	1890 per cent.	1900 per cent.
Buda-Pesth	24	14
Pressburg	60	50
Oedenburg	64	54
Temesvar	56	51
Hermannstadt	61	55
Arad	53	10
Kaschan	13	9
Grosswardein	3	3
Raab	5	4
Klausenburg	4	4
Agram	9	7
Fiume	5	5

A glance at the foregoing table shows that the Germans have diminished in all the big towns in Hungary, and most rapidly in those towns which, only ten years ago, were strongholds of Germanism ; but the German element has little diminished, or has even remained stationary in those towns where it was insignificant.

Buda-Pesth was founded by Germans in 1241, and it was pre-eminently a German town until very recently. Fifty years ago more than half of the inhabitants of the Hungarian capital were Germans ; in 1888, 33 per cent. of the population were Germans ; in 1890, the German population had fallen to 24 per cent. ; in 1900 it amounted only to 14 per cent. At the present date, only about one-tenth of the population of Buda-Pesth consists of Germans, and it is quite impossible to make oneself understood only with a knowledge of German in the Hungarian capital.

Whilst in Bohemia, Moravia, Austrian Silesia, Galicia, and Tyrol the German element has chiefly voluntarily merged itself in the Czech, Polish, and Italian element, it has in Hungary, to some extent, been denationalised owing to the application of external pressure. Hungary, like Germany, follows an active, and to some extent coercive, national policy, whilst Austria now follows the policy of *laissez-faire* with regard to the different nationalities which dwell in the country. However, the Germans in Hungary do not seem to object to being Magyarised. On the contrary, they like to be taken for pure-blooded Magyars. They speak Hungarian among themselves, and affect not to know German when addressed by a stranger in their mother-tongue. Under these circumstances, it seems likely that, in a few decades, hardly a trace will be left of the 2,000,000 Germans who now live in Hungary.

In 1900 Austria-Hungary had a total population of 45,405,266 people, of whom 11,385,362, or about one quarter, were Germans. Of these Germans exactly 6,000,000, or somewhat more than one half, lived in a precarious position in Bohemia, Moravia, Austrian Silesia, Tyrol, Galicia, and Hungary, districts where their position is threatened by Czechs, Poles, Italians, and Magyars. Consequently the outlook for the future is far from hopeful for the Germans who live under the Double Eagle.

Hungary absorbs the Germans with incredible rapidity, but the Government of Austria has hitherto been able to protect the German element, and to rule the various races in a way favourable to the preservation of the German nationality and of the German language. But the Czechs are anxious to follow Hungary's example, and to pursue a vigorous

national policy, which would necessarily be anti-German, for the Germans have suppressed the Czechs in the past, and are therefore considered by them as strangers and intruders. If the Czechs should succeed in getting a free hand in Bohemia, the 3,000,000 Germans who live in that country would rapidly be absorbed by the Czechs, and the German population of Austria-Hungary might in twenty years be restricted to about seven million people, who would find themselves in a hopeless minority against fifty million non-Germans living with them in the monarchy.

In Bohemia, Moravia, and Austrian Silesia the Germans form a fringe along the Austro-German frontier, but they are cut off from the German Hinterland of Austria. In Hungary the Germans occur in patches, here and there, and cannot stand together in mutual defence. If these dispersed great German colonies in Austria and in Hungary should disappear —and their isolation makes such an event appear possible—the Germans in Austria-Hungary would be confined to the great German enclave in South-west Austria, which is composed of Upper and Lower Austria, Salzburg, Styria, Carinthia, &c., where about six million Germans live, who form nine-tenths of the population. This German island in the midst of a surging and roaring sea of Slavonic nations would, no doubt, be able to resist the more or less forcible encroachments of Czechs, Poles, and Hungarians for some considerable time; but the German element, with its hopeless minority, would hardly be able to act any longer as the governing element in Austria, as it has done hitherto. Vienna, which is situated almost on the eastern border of the German enclave, and dangerously near Bohemia, is already being invaded by immense numbers of Czechs, and if the

Czech element should once succeed in capturing the Austrian capital, it would soon, through the capital, dominate the whole of Austria.

The German element in Austria is not only threatened from without, but also from within. It has often been remarked that illegitimacy is nowhere in Europe more frequent than in Austria, where, according to the official statistics, 13.7 per cent. of the children are illegitimate, as compared with only 9 per cent. in France, 9 per cent. in Germany, 8.5 per cent in Hungary, 7.4 per cent. in Scotland, 4.2 per cent. in England and Wales, &c. The high proportion of illegitimate births in Austria becomes particularly startling if we investigate the statistics of births in the different parts of Austria, for then we are brought face to face with the following most extraordinary phenomenon. In those parts of Austria where Czechs, Poles, Ruthenians, and Italians prevail, such as Bohemia, Moravia, Silesia, Galicia, Tyrol, Carniola, Bukovina, Dalmatia, only about 7 per cent. of the births are illegitimate. On the other hand, in those districts where the Germans form about nine-tenths of the population, from 20 per cent. to 40 per cent. of the children are illegitimate. In Styria 24 per cent., in Lower Austria 25.1 per cent., in Salzburg 26.9 per cent., in Vienna 32 per cent., and in Carinthia even 42.6 per cent. of the children are born out of wedlock. In the chiefly German parts of Austria 130,000 children, or about one quarter of all the children born, are illegitimate. This startling and almost incredible difference in the percentage of illegitimate births in the German and the non-German parts of Austria, and the frightful number of fatherless children in that country, bodes ill for the future of the Austrian Germans, for such figures are a

sure indication of moral and physical decay, and they explain why the Germans in Austria are everywhere losing ground to Czechs, Poles, Italians, and Magyars.

In Austria there are, in round numbers, 9,200,000 Germans, 6,000,000 Czechs, 4,300,000 Poles, and 6,000,000 people belonging to six different nationalities. Consequently, if the German element should lose its supremacy in Austria, the Czechs, or the Czechs and the Poles combined, might claim, and probably would obtain, the supremacy in and the rule over the Austrian part of the monarchy. That they would use their power for their own ends, and retaliate on the Germans for the centuries of wrong under which they have suffered, by gradually extinguishing the German element in Austria and transforming the country into a Slavonic State, can hardly be doubted.

The Slavonic element is evidently in the ascendant in Austria, where 60.2 per cent. of the population are Slavs, and it may soon be triumphant. Consequently, it seems very likely that Austria may, in course of time, be turned from a nominally German State into a purely Slavonic State, supposing, of course, that events are allowed to develop peacefully in that direction in which they are developing at present. Whether Germany, Austria's neighbour, will allow such a change to take place is, of course, another question. That Germany will placidly look on whilst ten million Austrian-Germans are being absorbed by those Slavs whom Germans and Austrians have colonised, Germanised, suppressed, and oppressed in the past, and who therefore detest Germany and Germanism, may well be doubted. Therefore Austria-Hungary may, in course of time, become to Germany and Russia, or to Germany, Russia, and Italy, a second Poland.

Switzerland is partly German, partly French, and partly Italian. In 1900 there were 2,319,105 German-speaking people, 733,220 French-speaking people, and 222,247 Italian-speaking people in Switzerland. These three nationalities occupy separate parts of the country. The Italians live in the south, the French in the west, and the Germans in the north and east of the country. In view of the fact that more than two-thirds of the Swiss are Germans, and that the French and Italians in Switzerland do not endeavour to Italianise or to Gallicise their German neighbours, it might be thought that the Germans would, owing to their great fruitfulness, increase more rapidly than do the Italian Swiss and the French Swiss. But this is not the case. Between 1888 and 1900, the French-speaking population of Switzerland increased by 15.5 per cent., the Italian population, largely through immigration, increased by 43.3 per cent., whilst the German-speaking population increased by only 11.4 per cent. As the French population is almost completely stationary in neighbouring France, it cannot be doubted that the great increase in the French-speaking population of Switzerland is largely due to the fact that the French-speaking Swiss are absorbing the Germans. The merging of the German element in the French population is particularly noticeable in the canton Berne, where about one-sixth of the people are French, but this sixth is growing fast at the expense of the German five-sixths.

If the present movement of nationalities in Switzerland should continue for a few decades, the Germans will find themselves in a minority, and will then, in all probability, rapidly become Gallicised, especially as the German Swiss are republicans to a man. They are passionately opposed to monarchical government,

and therefore naturally incline rather towards France than towards Germany.

It is estimated that two million Germans live in Russia, but no exact figures exist as to their numbers. About 300,000 Germans live in the Baltic provinces, principally in Riga, Mitau, Dorpat, and Reval. In Poland 500,000 Germans are supposed to live. They are chiefly occupied in factories, and in Lodz alone more than 100,000 Germans are counted. Spread through South Russia and along the Volga, approximately a million Germans are supposed to reside. They are the descendants of the German peasant colonies which were founded by Catherine II., Alexander I., and other monarchs, who wished to develop their thinly populated country by attracting many thousands of Germans.

For a long time the Germans in Russia preserved their national characteristics and their language; they had in their colonies their own laws, their own administration, their own colleges, schools, &c.; but during the last twenty-five years they have been Russianised with so much energy and so much success that the German language is rapidly becoming extinct in Russia. The Poles in Russia have apparently preserved their nationality and their language much better, notwithstanding a longer and more energetic persecution on the part of Russia. At present there are but two small German schools in Russia, one in Riga and one in Helsingfors.

In Belgium and Holland about 150,000 Germans are living, and in both countries they are rapidly being converted into Belgians and Dutch. In France there are at least 100,000 Germans, who are mostly in comfortable circumstances, and of these about 15,000 live in Paris. But their cohesion and their

sense of nationality is so small that, notwithstanding the old enmity between French and Germans, they are rapidly becoming French. The only German paper in France is the *Pariser Zeitung*, which appears weekly, and which has to work hard to make both ends meet. There are only two German elementary schools in the whole of France, one in Paris and one in Marseilles. The former is attended by 113 German children and the latter by but seven German children.

In this country there are at least 100,000 Germans permanently domiciled, who are, on the whole, in very good circumstances, and of whom the great majority live in London. There are some German churches in London, Liverpool, and other provincial towns. Two German weeklies and a German bi-weekly paper appear in London, but their circulation is quite insignificant, and there are four or five German schools in the whole of Great Britain. The sons and daughters of German parents living in this country in many cases know no German, and it is very exceptional that the children of German parents are sent to school in Germany.

In Roumania, Servia, Bulgaria, and Turkey, about 100,000 Germans reside, of whom about 30,000 live in Bukharest alone. They are found chiefly in the towns, and have not lost their nationality. Hence, they possess, in those countries, a considerable number of schools, which are largely patronised by native children.

In the United States about 11,200,000 German-speaking people are supposed to live, but of these only 2,666,990 were born in Germany. The remaining 8,533,010 are the children of German immigrants; but of these many, and probably the majority, grow up with hardly any knowledge of the German lan-

guage. Throughout the United States there are numerous nominally German schools, but these have gradually become Americanised, and have, in most cases, lost their German character altogether. The huge number of flourishing German private schools which used to exist in North America has almost completely disappeared, and in many of the so-called German schools German is only taught as a foreign language, side by side with French. The German element remains German for a longer time only in those parts of the United States where the Germans are crowded together in considerable numbers—for instance, in New York, where 322,343 Germans were counted in 1900, in Chicago with 170,738 Germans, in Philadelphia with 71,319 Germans, in St. Louis with 58,781 Germans, &c.

Canada is estimated to have about 340,000 Germans among her population, but these have become Canadians.

No less than 600,000 Germans live in South America. Brazil has about 400,000 German citizens, of whom 300,000 are found in the two southern districts of Rio Grande do Sul and Santa Catarina, where they form about one quarter of the population. Here the Germans have founded substantial towns and villages, and they have preserved their characteristics and their language, which is tinged with numerous Portuguese, Spanish, and native words; and in those parts where Germans prevail native Brazilians and negroes may be heard using the broadest German dialects. The Germans in Brazil possess a huge number of German schools, there being six hundred in Rio Grande do Sul alone, and there are numerous German churches, clubs, newspapers, &c. Many of the German schools in Brazil are subsidised by

the German Government. The Germans in South Brazil feel themselves a nation, and in the small morning hours after festivities they may be heard discussing, with patriotic enthusiasm, the possibility of again forming a part of the old Fatherland. The Germans in Uruguay, Argentina, Chile, Bolivia, Venezuela, Ecuador, &c., are dispersed all over these countries, and do not form compact colonies, as they do in the south of Brazil.

In Australia about 100,000 Germans are counted, who have completely lost their nationality and language. In Asia there are a few thousand Germans, who chiefly live in British colonies and in the harbour towns of China. Many of these have become Anglicised; they are members of English clubs, they take in the English papers, and they speak English even among themselves. In Africa there is a considerable number of Germans, most of whom are found in the Cape Colony and in the Transvaal Colony. In the former, as well as in the latter, they have lost their nationality completely. In the German colonies in Africa so few Germans are living that they are not worth mentioning.

Whilst the 60,000,000 Germans in Germany are increasing in number at a surprising rate, the 30,000,000 Germans outside Germany are rapidly being converted into Czechs, Poles, Italians, Hungarians, Frenchmen, Russians, Dutchmen, Belgians, Englishmen, Americans, Canadians, Boers, &c. This spectacle fills many thoughtful Germans with regret and sadness, especially as the Germans who become incorporated in foreign nations are, in many cases, men of promise and ability, whose services would have been invaluable to the mother country. Not a few of the most prominent statesmen, generals,

scientists, and business men in many countries, Great Britain included, are Germans by birth or by descent. Germany incurs therefore enormous losses not only in material, but also in intellectual power, by the migratory tendency of her sons, and by their peculiarity of easily allowing themselves to be assimilated by Germanic, Latin, or Slavonic nations.

Men of other nations are not so easily denationalised as are the Germans. Wherever the Englishman goes, he takes with him his church, his Bible, his clubs, his newspaper, his sports, his household gods, his national virtues, and his national failings. Frenchmen also who live abroad will remain Frenchmen in thought and language, even if they have been separated from France for centuries, as may be seen by the *habitants* of Eastern Canada. Dutchmen, likewise, preserve their language and their national peculiarities during centuries of separation from their country, as can be seen in the case of the Boers, who are Dutch to the marrow. It seems that, among European nations, the Germans alone are truly cosmopolitan, for they make the world their country.

Fifty years ago, when cosmopolitanism was the fashion, this peculiar adaptability of the Germans was considered by them as a virtue; but since the time of Friedrich List and Prince Bismarck, when the Germans began to call Political Economy "National" Economy and to discard their policy of sentiment for a purely national and deliberately selfish policy of interest, the cosmopolitanism of the Germans has come to be considered as a vice, and it is now loudly condemned as such by all university professors and other professional moralists. Therefore the Germans are striving hard to overcome the vice of cosmo-

politanism, to become more national and to preserve the German element abroad.

With this object in view, many Societies for the Defence of Germanism have been founded both in Germany and in Austria during the last two or three decades. In 1880 the Vienna School Society was founded for the purpose of preserving the German language in those parts of Austria where it is threatened by other nationalities. That society has, since its creation, spent £400,000 and has opened forty-nine schools, but of these only fifteen are at present in existence. The enthusiasm for the society which prevailed in Austria for a few years has disappeared, and, from the details given in the beginning of this article, it seems that its activity has not been able to stem the Slavonic tide.

In 1881 the Allgemeine Deutsche Schulverein zur Erhaltung des Deutschtums im Ausland (the German School Society for the Preservation of Germanism Abroad) was founded in Berlin on the model of its Vienna prototype. In 1903 it had 33,000 members, and a yearly income of £6000. It has confidential agents in all countries, and has altogether spent about £100,000 since its inception. It has the proud motto, "To serve Germanism is to serve mankind." The moderate figures of money spent by that society seem to show that its practical utility can hardly be very great, and it is not apparent that it has, during its twenty-five years' activity, done much to counteract the process of denationalisation among the Germans living abroad. The German Government sympathises with the policy of the Schulverein, and it grants since 1900 a subsidy of £15,000 to German schools in foreign countries without claiming the right of control or supervision on account of this subvention.

From pre-Christian times up to the present, its migratory instinct has been one of the leading characteristics of the German race. The Germans have had practically no settled country, excepting the narrow district between Rhine and Elbe, which has always been German. That district, which contains approximately 40,000,000 Germans, is almost purely Germanic, and it is still the stronghold of the race. The remaining parts of present Germany are colonial land.

In the course of centuries the Germans have spasmodically streamed north and south and east and west in enormous numbers, but those Germans who were left behind on foreign soil were, after a short period of supremacy, swallowed up by the original inhabitants of the countries in which they had settled. Copenhagen in the north, and Novgorod, near St. Petersburg, far away in the east, were at one time German towns, and German used to be the language of culture and the language of commerce in Denmark, Sweden, and Norway. Holland and Switzerland were at one time loyal German States; but, having been left to fight their own battles single-handed, they cut themselves adrift from the German nation and formed independent States. In this way Germany has been deprived not only of several millions of people but also of Switzerland and Holland, two of the most valuable strategical positions in Europe, the possession of which would allow Germany to rule the Continent of Europe.

Whilst Germanism has lost much of the ground which it had conquered in past centuries, it has prevailed in other not originally German parts. In East Prussia, for instance, the native heathen inhabitants, the Prussians, of whom nothing but the

name has been preserved, were exterminated in the thirteenth century by the Teutonic Order; and, from all parts of Germany, peasants and townsmen were settled in that devastated country, which thus became thoroughly German.

Since the time when the foundation of present Germany was laid in the wilderness of Prussia up to the present day, the policy of vigorous, and, if needs be, brutal, colonisation has always been a guiding principle of Prussian policy, and thus Prussia has Germanised her conquered lands. In the sixteenth century, the Prussian Electors attracted to their territories the Protestants and Dissenters who were expelled from other German States. The great Elector and the first Prussian King, Frederick I., as well as William I., pursued the same policy of colonisation in the Slavonic east of Germany, and they attracted also numerous foreigners, who brought with them their methods of agriculture, of canalisation, and of irrigation, their sciences and their manufacturing industries.

Frederick the Great was the greatest, the most thorough, and the most systematic of all Germanising rulers of Prussia, although he spoke only French. He created along the Polish frontier in Silesia a chain of villages, after he had conquered that province from Austria, and he planted a large German population among the Slavs in the east of his kingdom. He converted his old soldiers into peasants, found them wives, cattle, and furniture, and he attracted from the south and the west of Germany about 43,000 families, or, approximately, about 300,000 people. By these means he increased the slender population of his kingdom by ten per cent., and firmly established German supremacy throughout the country.

At the end of his reign, about one-third of the population of Prussia consisted of immigrant colonists and their descendants.

The Empress Maria Theresa and the Emperor Joseph imitated the policy of Frederick the Great in Austria-Hungary. They founded, for instance, a great German colony in the south of Hungary, where 25,000 colonists were settled, and where at present about 400,000 Germans are found. However, their labour has been lost, for the isolated German peasant colonies in the north and the south of Hungary will soon succumb to the victorious Magyars, who are rapidly Magyarising the whole of Hungary.

Through the deliberate, forceful, and thorough Germanising policy of Prussia, Germany, in its present form, is no longer a conglomerate of individualistic and mutually hostile States, but a firmly knit, united, and thoroughly national nation, whilst the Germans in other countries, and even in nominally German Austria, are not unlike wandering tribes of nomads which have temporarily settled in a foreign land, and which are ready to abandon their own nationality. Through the energetic policy of the Hohenzollerns the historic character of Germany has been radically altered; the Germans in Germany have with fire and iron been welded into a nation, and will remain a nation as long as they are held together by a strong iron band. Whether the Germans would remain a nation if they are left to themselves and if the firm band of national discipline be loosened, may well be doubted. Not by national inclination and by natural growth, but by force, have they received the sense of nationality, and by force they have Germanised non-German elements in the country.

The traditional policy of Germanisation is still

pursued by the Government in the Eastern Provinces of Prussia, where, at the census of 1900, 3,305,749 Poles were counted, whom Prussia has so far been unable to assimilate and to Germanise. In order to convert these Poles into Germans, the use of the Polish language has been forbidden to the Poles, in public and private education, and even in religious instruction. Letters addressed in Polish are not forwarded by the German Post-Office; Polish theatres, clubs, societies, &c., are not allowed to exist. Besides, the Prussian Government tries to Germanise the districts where Poles prevail by its traditional policy of settling German peasants among them. This policy was initiated by Bismarck in 1886, and for this purpose a settlements fund of £5,000,000 was created, which was increased to £10,000,000 in 1898, and to £22,500,000 in 1902. With this fund land belonging to Polish landed proprietors and Polish peasants is bought, and the Poles are replaced by German proprietors and German peasants. This measure has proved a godsend to those Polish landed proprietors whose estates were heavily encumbered, for they were, by the policy of the Prussian Government, enabled to sell them on very favourable terms.

So far, about six thousand families, or about thirty thousand people, have thus been settled by the State among the Poles, but in spite of all Government measures, the Poles have not only held their ground in the east of Germany, but they have apparently even gained ground, partly because their national instinct is strongly developed and because they cling to their language, partly because the Poles are even more prolific than are the Germans. Consequently we find that, in the province of Posen, where about 1,000,000 Poles and about 900,000

Germans are living side by side, the Germans have increased by only 3¾ per cent. between 1890 and 1900, whilst the Poles have increased by about 10½ per cent. during the same time.

If we take a comprehensive view of Germany and of Greater Germany, we find the curious spectacle that Germany proper is not a natural but an artificial nation, which has been created by energetic rulers, who deliberately set themselves the task to counteract the natural self-destructive tendencies which are the historical characteristic of the German race.

Modern Germany was founded about five hundred years ago by conquerors and colonists, and the energetic spirit of the pioneers who founded present Germany among the heathen Prussians has prevailed in the traditional policy of the Hohenzollerns up to the present date. Present Germany is but a magnified Prussia, and the national character of present Germany is no longer the same as that of ancient Germany, but it is the energetic conquering and fighting character of the Teutonic Order, who laid the foundation of the present Empire.

It is clear that the artificially created Germany of to-day has, as regards national character, little in common with the natural but gradually dissolving German States which lie outside the German frontiers. Notwithstanding their unity of race and their unity of language, the Germans inside and outside of Germany are politically totally different beings. Aristotle taught, twenty-three centuries ago, that men are, after all, pre-eminently political animals, and therefore it comes that the Germans inside Germany and those outside Germany are practically two different races.

To those Germans whose ambition is a German

world-empire, the thought that 30,000,000 of their countrymen in Greater Germany are disappearing fast is almost unbearable. Hence, it is the wish of many Germans to save the Germans in Greater Germany by drawing them into the iron circle which surrounds, compresses, and at the same time upholds and elevates the German Empire. Only if they are united with the German Empire will the outlying German tribes become German indeed, and will be made to Germanise other nations.

Whether the dream of a German Empire from Hamburg to Trieste which would include the German part and some of the Slavonic parts of Austria, and which might include Holland and Switzerland as well, will remain a dream, or whether it will materialise, should soon be decided, for the German element in Austria seems likely to disappear almost completely within a few decades. The problem of the Austrian Germans may therefore become soon of greater interest to German diplomacy than the future of Asia Minor and of Shantung.

CHAPTER IV

THE EXPANSION OF GERMANY AND THE NETHERLANDS

GERMANY'S relations with the various great Powers have carefully been scanned, watched, and studied by most statesmen and political writers, but Germany's relations with Holland and Germany's policy towards Holland have hitherto escaped attention, although Holland may, and probably will, some day play a most important part with regard to the political and economic development of Germany. Holland is a small and weak neutral state, and it is usually considered to be politically as uninteresting a country as is Luxemburg or the Republic of San Marino. Yet it may become a factor of the very greatest importance in any readjustment of international relations in which Germany is concerned. In fact, Holland may, and very likely will, again become the storm-centre of European politics, as it was in the times of Philip the Second and of Henry the Fourth, of Cromwell and of Louis the Fourteenth, of Marlborough and of Napoleon the First, for history is apt to run in circles. During four centuries the Netherlands have been the centre of gravity to the European great Powers. The sceptre of Europe lies buried not on the banks of the Bosphorus, but at the mouth of the Rhine and the Scheldt. Therefore the Netherlands have during four centuries been the battlefield on which the struggle for the

mastery of Europe and of the world has been decided. In the Netherlands the mighty armies with which Philip the Second, Louis the Fourteenth, Louis the Fifteenth, and Napoleon the First strove to subdue Europe and to conquer the world were broken to pieces, and in the Netherlands Germany may find either her Gemblours, her Breda, or her Waterloo.

If we wish clearly to understand the nature of the political relations between Holland and Germany, in order to be able to gauge the probable development of these relations in the future, we must first of all consider the peculiar and most important position which Holland occupies with regard to Germany's manufacturing industries and with regard to Germany's commerce.

The kingdom of Holland lies right across the greatest trade route of Germany, and to some extent blocks that trade route. By far the most important coal and iron mines, and by far the larger part of the more important manufacturing industries of Germany, lies on or near the Rhine, and its tributaries, the Ruhr, the Mosel, the Saar, and the Main. At the great industrial exhibition which was held in 1902 in Düsseldorf, it was triumphantly announced that Rhenish Prussia and Westphalia, the two Prussian provinces on the Rhine, which possess only 15 per cent. of the territory of the country, consume no less than 71 per cent. of the coal raised and produce no less than 81 per cent. of the iron and 86 per cent. of the steel made in Prussia, and that these two provinces keep no less than 83 per cent. of the country's spindles running. Although these figures show that the Rhine valley possesses the predominance as regards manufacturing, they do not tell the whole tale of its industrial pre-eminence, for not only the principal

industrial towns of Prussia but also those of Baden, Alsace-Lorraine, Hessia, and Bavaria, lie on or near the Rhine. In fact, if we allow for the industrial centres in and around Saxony, we may say that practically the whole of the German manufacturing industry is concentrated on or near the Rhine.

As the German manufacturing industries are chiefly carried on in the valley of the Rhine, that mighty river has not unnaturally become the main artery of Germany's trade, and it is the outlet for the productions of Dortmund, Gelsenkirchen, Ruhrort, Barmen, Elberfeld, Essen, Bochum, Remscheid, Solingen, Gladbach, Duisburg, Krefeld, Düsseldorf, Cologne, Aix-la-Chapelle, Frankfort, Offenburg, Reutlingen, Kaiserslautern, Saarbrücken, Mannheim, Würzburg, Karlsruhe, Stuttgart, Strasburg, Mülhausen, Gebweiler, Dornach, Colmar, &c. All these industrial towns and many more send their manufactures along the valley of the Rhine, and they receive in return their foreign raw materials, food stuffs, &c., also largely by way of the Rhine.

While the English coalfields and the English industrial centres enjoy the precious advantage of being situated either on the seashore itself or in its immediate proximity, the German coalfields and all the industrial centres on and near the Rhine lie in a straight line from 150 to 350 miles away from the sea. The great Dortmund coal and iron centre, for instance, is separated by 150 miles of land, the Saarbrücken coal and iron centre by 220 miles of land, and the Mülhausen spinning and weaving centre by 350 miles of land from the nearest point of the sea border. These figures make it absolutely clear that the German manufacturing industries labour under the very greatest difficulties in competing in foreign markets with other countries, and especially with a

country which is as happily situated as is England, which manufactures on the sea border. Indeed, Germany would be quite incapable of industrially competing with this country did not the Rhine and the canals built in connection with the Rhine afford to the German industries very cheap carriage by water. It cannot be doubted that under equal conditions the competition of German manufactured goods with British manufactured goods should be impossible everywhere outside of Germany, owing to the unfavourable geographical position of the German coalfields and industrial centres.

Germany's export trade is principally over-sea trade. In 1898 the Reichs Marine Amt, the Navy Board of Germany, published a lengthy memoir on the maritime interests of Germany, in which it was estimated that "certainly three-fifths, but probably two-thirds or more of Germany's foreign trade is over-sea trade." Since 1898 Germany's foreign trade has increased by 50 per cent., and at present about three-quarters of Germany's foreign trade, perhaps more, should be over-sea trade. The preservation of her over-sea trade is therefore of vital importance to Germany, and cheap water carriage is an essential condition for its maintenance and further extension.

Germany's principal industrial centres lie in the Rhine Valley, and Germany's enormous export trade flows along the shores of the Rhine, through Holland and Belgium towards foreign countries over-sea, whilst she receives on the same route her most valuable and her most necessary imports. Hence Antwerp and Rotterdam are rightly considered by far the most important German harbours, and compared with these Hamburg appears almost insignificant, especially as Antwerp and Rotterdam are constantly increasing

the lead which they have obtained over Hamburg. Formerly Hamburg was Germany's most important harbour, but Hamburg is steadily losing ground through the marvellous development of Antwerp and Rotterdam. At present the shipping trade of Antwerp and Rotterdam combined is almost twice larger than that of Hamburg, and the time seems to be near at hand when Hamburg will sink from the first to the third and perhaps even the fourth place among Continental harbours. Antwerp, which fifty years ago handled about 300,000 tons, and twenty years ago about 2,000,000 tons of shipping, now handles 10,000,000 tons of shipping every year. Rotterdam has during the same period increased its shipping from a few hundred thousand tons to about 8,000,000 tons at the present time.

The enormous increase in the trade of Antwerp and of Rotterdam, and especially of Rotterdam—for Antwerp is the principal port not only to Belgium but also to the industrial north-east of France—is due to the marvellous prosperity of the German manufacturing industries, and to the surprising expansion of traffic along the Rhine and across the Dutch-German frontier which is still growing with undiminished rapidity, as may be seen from the following figures :

GOODS EXCLUSIVE OF TIMBER IN RAFTS CARRIED BY WATER PASSING THE GERMAN-DUTCH FRONTIER ON THE RHINE AT EMMERICH

	Going up river.	Going down river.
1894	4,765,600 tons	3,142,000 tons
1906	13,402,400 ,,	7,678,300 ,,

From these figures, which show that the freight carried on the Rhine across the German-Dutch frontier has considerably more than doubled in the short space

of eleven years, and from other figures supplied by the Statistical Department of Germany, it appears that by far the greatest and the most valuable part of Germany's over-sea trade is not carried on *via* Hamburg and Bremen as is usually believed, but *via* Rotterdam, Amsterdam, and Antwerp, and that the foreign trade carried on across the Dutch frontier grows proportionately far more quickly than the general foreign trade of Germany. Thus Rotterdam, Amsterdam, and to a minor extent Antwerp, have become the principal harbours of industrial Germany, and industrial Germany is in the same position in which Lancashire would be if Liverpool and the Manchester Ship Canal were possessed by a foreign country.

Rotterdam, Amsterdam, and to a lesser degree Antwerp, have become wealthy through the immense stream of German exports and imports which continually flows through these harbours, and it cannot be doubted that the great prosperity of Holland is to a very large extent derived from the German through traffic. The Dutch, the Germans exclaim, have become wealthy at the cost of the German manufacturers and traders. It is true that the trade of Rotterdam and Antwerp is chiefly carried on by German merchants living in those towns, for the merchant always follows his wares; but these German merchants enrich Holland and Belgium, and they employ Dutch and Belgian labour to whom they distribute the largest part of their profits in the shape of wages. The more industrial Germany works, the richer will Antwerp, Amsterdam, and especially Rotterdam, become, for these towns possess, so to say, a first charge on the profits made by the foreign trade of Germany. In fact, the trade of Germany is in perpetuity mortgaged

to the towns of the Netherlands, and these will levy their toll in good and in bad times.

This fact is exceedingly galling to Germany, and we cannot wonder that Professor Treitschke, the *enfant terrible* of German diplomacy, proclaimed in his book *Politik*, with his usual lack of reticence and discretion:

"The Rhine is the king of rivers. It is an infinitely precious natural resource to Germany, and, owing to our own fault, the very part of the Rhine which is materially most valuable to us has fallen into the hands of foreigners. It is an indispensable duty of German policy to regain the mouths of that river. A purely political connection with Holland is perhaps not necessary; but an economic union of Holland and Germany is absolutely required; and we are far too modest if we are afraid to say that Holland's entrance into the German Customs Union is as necessary to us as is our daily bread."

During the last few decades the people in Germany have talked much about a purely economic and about an economic and political union with Holland. However, that agitation received for a long time no official countenance from the German Government, which refused by any official action to bring pressure to bear upon the Dutch. However, during the reign of the present Emperor the policy of Germany towards Holland has been altered, and a constantly increasing economic pressure been exercised upon the Netherlands. An attempt was to be made to divert the current of German trade from Holland towards the German coast, and with this object in view the building of the Dortmund-Ems Canal was begun by Germany in 1892. This canal, which was completed in 1899 and opened in 1901, connects the greatest coal and iron centre of Germany with Emden, a little German coast town which almost touches the German-Dutch frontier line. The importance of the Dortmund district in respect of

the Rhine trade may be gauged from the fact that its coal production increased from 12,219,432 tons in 1870 to 94,658,769 tons in 1907, that it produces about three-fifths of the hard coal raised in Germany, and that the traffic of Hochfeld-Duisburg-Ruhrort, the Rhine harbour serving the Dortmund coal and iron centre, increased from 2,900,000 tons in 1875 to no less than 13,000,000 tons in 1906. The port of Hochfeld-Duisburg-Ruhrort is as regards extent and traffic by far the greatest inland harbour in the world, and Germany threatens to transfer the bulk of the immense traffic of the Dortmund centre, and eventually the bulk of the whole Rhine traffic as well, from the Netherlands to Emden by means of the Dortmund-Ems Canal.

The Dortmund-Ems Canal is the grandest and the most generously constructed inland waterway of Germany. It is a Government undertaking, and about £4,000,000, or no less than £25,000 per mile, have been spent on its construction. It has a uniform depth of 8¼ feet, a depth which is equal to that of the Rhine at Cologne, and it can be used by ships carrying 600 tons and more. How large such ships are for inland navigation may be seen from the fact that on our English canals boats carrying only from 30 to 50 tons, which are exceedingly uneconomical, may daily be met with. The Dortmund-Ems Canal has as far as possible been made uniform with the Rhine, so that a large, perhaps the larger, part of the 50,000 ships which now yearly cross the German-Dutch frontier should in future travel to Emden. There are twenty-one locks in the canal, and a number of these are almost 600 feet long, in order to enable whole trains of boats to get through the locks with the minimum of delay. At Dortmund almost 400 acres of land, an area larger than the water expanse of the port of Hamburg, have

been reserved for harbour accommodation, and Emden, at the other end of the canal, has at a cost of £400,000 been fitted out with the most modern and the most expensive appliances, in order to convert that sleepy little coast town into a well-equipped port.

Although the Dortmund-Ems Canal has been in existence only during a few years, and although many serious imperfections, which were discovered after the completion of the canal, have caused delays and have impeded the rapid development of traffic on the canal, the progress shown by that undertaking is certainly remarkable, as may be seen from the following figures :

TRAFFIC ON THE DORTMUND-EMS CANAL, NEAR EMDEN

	1899.	1906.
Iron ore	512 tons	305,734 tons
Iron ware	6,372 „	41,752 „
Grain, &c.	28,522 „	154,519 „
Coal and coke . .	20,254 „	146,731 „

It should be noted that the bulk of the German-Dutch Rhine trade consists of the imports of grain and of Swedish iron ore, and of the exports, of German coal and of German manufactured goods, chiefly iron ware.

During the seven years from 1899 to 1906 the traffic on the Dortmund-Ems Canal in the most important articles carried had increased twelvefold, the tonnage of sea-shipping entering the port of Emden has increased fivefold, from 108,157 tons in 1899 to 530,876 tons in 1906, and the Emden harbour is already proving too small for the traffic.

This promising beginning has caused the Government to develop the new inland waterway and the new sea harbour with redoubled energy. A million pounds is to be spent on the enlargement of the port

of Emden, so that Emden should become a serious competitor to Rotterdam and Antwerp. A shallow of 750 acres will be enclosed by high dykes and gradually, according to requirements, to be converted into a harbour, which in size should emulate and perhaps exceed not only the ports of Rotterdam and Antwerp, but even the foremost British harbours.

The canal itself will also be greatly improved and be extended further. The town of Dortmund, where the Dortmund-Ems Canal at present ends, lies thirty-five English miles to the east of the Rhine, and in due course a canal connection between Dortmund and the Rhine will be effected, which will require seven locks and which will cost about £2,500,000. When these works are accomplished, and they can be executed probably in five or six years, Germany will be able to draw not only the traffic furnished by the Dortmund centre, but the bulk of the whole Rhine traffic, which is furnished by her manufacturing industries, away from the Netherlands towards Emden.

It is true that the canal route to Emden compares unfavourably with the route along the Rhine to Rotterdam, Amsterdam, and Antwerp. Whilst the Rhine follows a natural course, twenty-one locks and the narrowness of the artificial channel of the canal make rapid navigation on the latter impossible. Hence goods travel along the Dortmund-Ems Canal in five days, whilst they travel in two and a half to three and a half days along the Rhine. This disadvantage would be crippling in a country where Government interference with the natural development of industry is considered almost a crime, but it can easily be rectified, or at least be compensated for, in a country which deliberately and systematically fosters its home trade. By low tariffs, which will

favourably compare with the minimum costs of sending freight *via* the Dutch frontier to the Dutch and Belgian harbours, Germany will divert her exports and imports from the mouths of the Rhine to Emden, and Germany regulates her transport charges to and from Emden with that object in view. Since the 1st of April 1905, for instance, the charges for the export of coal and coke *via* Emden have been considerably reduced by the Government, partly in order to enable the coal of the Dortmund district to be sold in the Mediterranean (Port Said) and in South America, and partly in order to oust English coal from the north of Germany, where it has hitherto found a very large market.

It is clear at first sight that a narrow, artificial and expensive canal, which eventually will possess twenty-eight locks, which follows a circuitous route, and which takes the German exports to a seaport which is about 200 miles further distant from England and from other Western countries whereto these exports are sent, than are Rotterdam and Antwerp, cannot possibly compete as regards rapidity and economy of transport with a broad natural river which carries German goods to Rotterdam and Antwerp. Nevertheless, Germany may, by offering sufficient inducement to shippers, succeed in diverting the whole of her over-sea trade from Rotterdam, Amsterdam, and Antwerp to Emden, but she may have to work the Dortmund-Ems Canal for many years, perhaps permanently, at a loss, in order to achieve her aim. However, it seems to the German Government a matter of very minor consideration whether the Dortmund-Ems Canal, with its eventual extension to the Rhine, will be a profitable or an unprofitable enterprise to the State, for that canal is not a necessity

to the German industries, and it is certainly not a purely economic enterprise on the part of the State, as might be thought. It is an economic undertaking serving a political purpose, or rather it is a political enterprise with an economic label.

When the canal was completed the *Jahrbuch für Deutschlands Seeinteressen,* an important semi-official publication, wrote :

"In our time our dependence on foreign countries has frequently been felt by the circumstance that the mouth of the Rhine is in the hands of a foreign country, and that that country in consequence draws away from us the chief profit of our export industry. This state of dependence will be ended by the Dortmund-Ems Canal, which gives to the Rhine, at least for the province of Westphalia, a German outlet in Emden."

In July and August 1901, the year when the new canal was opened, a series of anonymous articles entitled "Holland and Germany," appeared in *Die Grenzboten,* a German weekly which is frequently officially inspired, and the style of those articles bears a curious resemblance to the picturesque diction of Prince Bülow. The gist of that important series of articles was :

"Holland's wealth is chiefly derived from the German transit trade. That trade can be diverted by the new Dortmund-Ems Canal, which will give to the Rhine an outlet at Emden. That port, which lies on the Dutch frontier, has so far been neglected, but it is being equipped in order to make it an efficient competitor of Rotterdam. If she chooses, Germany can cripple Dutch commerce and bring Holland on her knees by diverting the Dutch transit trade and by imposing hostile tariffs. Consequently Holland is economically dependent upon Germany, and Holland's economic incorporation with Germany in some form or other is for Holland an unavoidable necessity.

"Politically, Holland is threatened by other nations. Her

guaranteed neutrality is no more than a shred of paper, which would prove worthless in war. Spain has been brutally crushed by the United States; Portugal hangs like a fly in the spider's net of England, a prey to her monopolistic mercantile system. The Dutch will not share the fate of the Boers, but, if they are not careful, they may be caught in British snares. From all these dangers incorporation with Germany is the only salvation. The movement of naval expansion in Germany will not end until a German navy floats on the sea that can compete with the fleet of Great Britain. Equally strong on sea and on land, the world may choose our friendship or our enmity. The strong may make their choice, but Holland will do well to stand by us in friendship, not so much for our sake as for her own existence."

The foregoing lines were written during the Boer War, "the fifth Anglo-Dutch War," as it was called with bitterness by many Dutch patriots, who remembered that Cromwell and Charles the Second had destroyed the greatness of their country. At that time the exasperation of Holland against Great Britain was indescribable, and, taking advantage of the prevailing spirit among the Dutch, the semi-official Press of Germany ventured directly and vigorously to recommend the incorporation of Holland into the German Empire.

At first sight, the idea of Holland becoming a part of the German Empire seems fantastic and absurd, but it is much less extravagant than it appears at first sight. Germany is after all not a single State, but a voluntary union of a number of independent States, and the German Emperor is not the monarch of Germany, but merely the hereditary President of the German union of States. He is only the *primus inter pares* among the German rulers. Such is the position of affairs—at least on paper, according to the German constitution—although it might be a serious matter for one of the smaller States of Germany

if it should venture to insist too loudly on its paper independence. The kingdoms of Bavaria, Würtemberg, and Saxony, and all the other political units of Germany, large and small, are independent States, which hitherto have got on very well with their mighty President, and Holland would no doubt receive the greatest consideration and the amplest guarantees of independence at the hands of Germany if she should be inclined to join the union of German States. It is conceivable that under a special treaty Holland would be given special privileges by Germany. For instance, Dutch citizens might be free from compulsory military service in the German army; the Dutch army, like the Bavarian army, might form a separate contingent; Germany might guarantee the integrity of Dutch territory without requiring more than a passive assistance on the part of the Dutch in case of a foreign war, and the contributions of the Netherlands to the imperial German exchequer might be fixed at a very low rate. In short, it might be made worth Holland's while to join the German union of States.

A political amalgamation of Holland and Germany is no doubt the *beau ideal* which German diplomacy keeps in view, and with this ultimate aim in view, Germany's policy towards Holland is shaped. It may be summed up in the words, "Peaceful penetration and gradually increasing economic pressure from without." German merchants following their wares steadily filter into the Netherlands. On the exchanges of Antwerp, Rotterdam, and Amsterdam, perhaps more German than Dutch and French is heard; the principal banks, shipping companies, mercantile houses, factories, &c., in the Dutch and Belgian Netherlands are in German hands; and as the commercial classes

exercise a great influence in the democratic Low Countries, German political influence both in Holland and in Belgium is rapidly growing, although it is little noticed abroad. Holland and Belgium are rapidly becoming Germanised. Commercial men in Belgium, and especially in Holland, begin to feel greatly hampered by having their operations restricted to the narrow territory of the Netherlands, and to cast longing eyes towards the German customs walls, which so effectively restrict the extension of their operations. Many Dutch and Belgian business men are of opinion that their business would wonderfully benefit if by joining the German Customs Union they would receive 62,000,000 new customers, and they view with serious apprehension Germany's determined exertions to divert her enormous over-sea trade from Rotterdam, Antwerp, and Amsterdam to Emden.

It should not be forgotten that wealthy Holland is by nature one of the poorest countries in the world. Practically no coal, no iron, no timber, and no stone exists in the country, which is merely a mud-flat, and very little corn can be grown in it. Nevertheless, Holland is more densely populated than is Great Britain. Holland is more dependent on foreign food and raw material than is this country, and the Dutch produce for export chiefly vegetables, flower bulbs, butter, cheese, margarine, &c. Manufacturing has apparently no great future through the absence of coal, and notwithstanding all these hampering circumstances, the Dutch population increases much faster than does the population of this country. In view of the lack of natural resources, it is quite clear that the Dutch owe their prosperity chiefly to the German transit trade, and the Netherlands would become utterly impoverished if they were deprived of that

trade, for, rightly considered, the Dutch harbours are the greatest natural resources of the Dutch people. Under these circumstances, we cannot wonder that Dutchmen think with the greatest alarm of the possibility that Germany might succeed in diverting her trade from the Dutch harbours to Emden, and they will do all in their power to keep the precious German transit trade in the Netherlands.

It is worth much to German diplomacy to have created that feeling of alarm and consternation in the minds of the Dutch, and Germany is probably prepared to spend ten or twenty million pounds *à fonds perdu* on the Emden Canal, not so much in order to make Emden a first-class harbour, to ruin Rotterdam, and to impoverish the Netherlands, but in order to force Holland into a political union with Germany, towards which a Customs Union might be the first important step. If Germany should succeed in this policy, the money which she may lose on the Emden Canal would be exceedingly well spent. The possession of Holland is worth to Germany ten or twenty million pounds, and considerably more.

In former years, when the Prussian State wished to buy cheaply a prosperous private railway, it regularly commenced operations by building a well-planned competition line, which deeply cut into the profits of the railway which the Government wished to acquire. After some years of severe competition, in which the private enterprise was, of course, the loser, it could, as a rule, be acquired at a reasonable figure, and the railway was glad and anxious to be bought up by the State. Germany seems to follow a similar policy with regard to Holland in building the canal connection between the Rhine and Emden, and that policy may have a similar success.

The mouths of the Rhine, together with the mouths of the Meuse and the Scheldt, would be exceedingly precious to Germany, not only for economic purposes, but for naval and military purposes as well. Germany is determined to have a very powerful fleet, and she is building a very powerful fleet, but she has practically no harbours which are suitable for her mighty navy. Germany has two war harbours, Wilhelmshafen on the North Sea, and Kiel on the Baltic. Wilhelmshafen is well situated for striking westward, but it is an artificially dug out, small, and utterly insufficient port. Kiel, on the other hand, is a splendid natural harbour which is roomy enough to contain all the ships of the German navy, present and to come. But its geographical position is as unfavourable as is that of the German coalfields. Kiel lies on the wrong shore, the eastern shore, of the Danish peninsula, and it is suitable only for observing the Danish Sound, and for striking at Russia. It is connected with the western shore of the Danish peninsula by a canal, the Baltic North Sea Canal, and thus a junction of the German naval forces can, at least in theory, quickly be effected in the North Sea in case of war. However, a canal sixty miles long is not an ideal route to follow for a fleet in time of war. At the critical moment, when minutes may decide the fate of the German navy, a mishap, blocking the Kiel Canal for several days, might occur either by chance or by the boldness or bribery of Germany's opponent, and the German fleet in the Baltic would be forced to follow the dangerous and narrow route round the north of Denmark. We can realise the difficulty of Germany's naval position with the principal base at Kiel, only by comparing her situation with that of Great Britain. In doing so, we discover that Germany will find it

as difficult to defend her foreign trade off the Dutch coast with Kiel as principal base, as Great Britain would find it to defend her Channel traffic against a superior enemy, if her only important naval base was situated in the Hebrides or the Orkney Islands, for the distances and difficulties in both cases are almost identical. It should also not be forgotten that the Baltic North Sea Canal is not deep enough for the new warships which Germany is constructing, and nobody can foretell whether the marshy soil through which that canal has been cut will allow of sufficient deepening to make the passage of the new German warships possible. As Russia will hardly become a dangerous naval opponent to Germany for many decades to come, the German fleet is meant to strike at some power to the west of Germany. Yet Germany may be unable to act in the way she may wish to act, notwithstanding her strong fleet, unless she possesses an adequate naval base within easy reach of her probable field of naval operations. If the German fleet should be defeated off her principal trade route at the mouth of the Rhine, it would probably not be able to reach either Wilhelmshafen or Kiel for refitting. Therefore, a naval defeat might mean annihilation to the German fleet. Germany, as at present situated, has to stake her all on the first naval battle.

If Germany possessed the mouths of the Rhine, she would be able to create there a number of excellent naval bases which, through the Dutch islands lying in front of them, would be safe from foreign attack, and these bases would by their advantageous position not only be ideal points for protecting Germany's trade, but also be particularly valuable for an attack against both France and England. Besides, the amalgamation of Holland and Germany would give

to the latter Power a number of excellent naval bases and coaling stations in both hemispheres.

A glance at the map will show the fact, which is ignored by many, that Holland possesses the mouths of the Scheldt and the islands lying in front of Antwerp and commanding that port. Therefore, if Germany had possessed herself of Holland, she could control Antwerp, and through Antwerp the industries of North-Eastern France, which ship their raw materials and their productions through Antwerp. The temptation to join the possession of Antwerp to that of Rotterdam would probably prove too great to be resisted, for by its position in the rear of the Dutch shore Antwerp seems destined to be a part of Holland.

From the military point of view also Holland would be extremely valuable to Germany. The provinces of North and South Holland, with part of Utrecht, form a natural fortress of the greatest strength. Within twenty-four hours a broad belt of country stretching from Naarden on the Zuyder Zee, *viâ* Utrecht, Culenborg, and Gorinchen to Geertruidenberg, on the mouth of the Meuse, can be inundated, and the places where a passage might be forced across the water are defended by strong fortifications. Amsterdam itself is a huge fortress within the provincial fortress described, which is defended by similar inundations and by a huge circle of forts. In the possession of Holland, Germany would, in time of war, have a huge impregnable island fortress on the flank of France and of England, a fortress which could hardly be starved into surrender, and which could hardly be attacked if vigorously defended, and this fortress would furnish the most convenient sally-port for a naval and military attack on either country. As long as Holland is neutral, the defence of the

open French frontier facing Germany is comparatively easy. If Holland should fall into German hands, both the Belgian and the French defences could be turned from Holland. France would be at the mercy of Germany, and she would soon occupy as unimportant a political position in the world as is that held by Belgium at the present day. If Germany should take Holland, France would become a third-rate Power. The possession of Holland would not only enable Germany to become a naval Power of the first rank, and compel England to keep practically her whole fleet permanently tied up in the Channel, but it would at the same time make the military superiority of Germany on the Continent of Europe absolutely overwhelming. Holland is evidently a more important strategical position than Constantinople. Therefore I said in the beginning of this chapter that the sceptre of Europe lies buried not on the banks of the Bosphorus, but at the mouth of the Rhine and the Scheldt.

Some German writers have argued that the neutrality of Belgium and Holland would be of inestimable advantage to Germany in case of a war with a superior naval Power such as Great Britain, inasmuch as the over-sea trade of Germany would continue to flow during such a war without hindrance through the neutral ports of the Netherlands, whilst the enemy would blockade Hamburg and some minor German ports. Germany could stand a blockade of Hamburg, but she could not stand the cutting off of her huge over-sea trade *viâ* Rotterdam and Antwerp. Of course, it is possible that a superior naval Power at war with Germany will, at the bidding of some professors of international law, leave Germany's trade *viâ* Holland and Belgium unmolested. But that seems hardly likely. No sane German statesman will

be influenced in his policy towards Holland by the argument that a superior sea Power will leave Germany's trade through the Netherlands undisturbed. Germany trusts for her security in war to her right arm, not to a piece of paper or to the dicta of her professors.

If we look at the German-Dutch relations from the German point of view, it is clear that the acquisition of Holland in some form or other—the form is very immaterial—would be of inestimable advantage to Germany. Germany, like every young and vigorous Power, and every young and vigorous individual, wishes to acquire and to increase, and not merely to preserve and to maintain. Only old nations are contented to contemplate and to philosophise, leaving the race for national success to the younger and the more sturdy nations around them. Old men and old nations live in the past, and political Germany is young, very young. The Germans argue: Holland has become rich by shipping our goods, Holland is a stumbling-block in Germany's road to economic success and prevents her becoming a world-Power. Holland has excellent harbours, Holland is weak, Holland is dependent upon our trade for her very existence. Therefore, we have Holland in our power. Let us make Holland feel our power, let us make Holland feel that she is dependent on Germany's goodwill, let us drain Holland of her wealth by diverting our trade for a time from Holland, and she will ask us to come to terms with her. When she is in the required mood of humility, let us propose to her, "Give us the free use of your harbours, and we will not only restore to you your former prosperity by leading back our foreign trade to its former route *vid* Holland, but we will besides give you freedom of trade throughout

Germany. We will respect your independence and all your peculiarities, and we will not trouble you with militarism. Do what you like, provided you give to us the free use of your harbours."

If Germany should succeed by means of the Emden Canal, and perhaps by the additional pressure of hostile tariffs, in impoverishing Holland, Holland may feel impelled to throw herself into Germany's arms in order to escape national bankruptcy; but if Germany should not succeed in drawing her trade away from Holland through the insufficient capacity of the Emden Canal or some other reason, Germany may feel tempted to create some dispute with her Dutch neighbours, in order to acquire Holland in a more direct manner. It is true that in twenty-four hours the north-west corner of Holland with Amsterdam, Rotterdam, and The Hague, may be converted into an impregnable island fortress, but the Dutch may not be given the time necessary for flooding their country. Only fifty miles separate Muiden, where the most important sluices for putting the country round Utrecht under water are situated, from the German frontier, and German military motor cars travel at an astonishing speed. Besides, it seems not at all certain that Holland would vigorously resist an energetic German attack. In 1787, a small Prussian force overran Holland, and took Amsterdam almost without bloodshed. In that year the dykes were pierced, and Amsterdam seemed to be impregnable, but a weak spot in the water defences enabled the Prussians to get through. After all, the intensity of resistance depends not so much upon the defences than upon the defenders, and the little Dutch army is an unknown factor. Therefore, a German general of daring might feel tempted to recommend to his sovereign to take Holland by a rush, and in view

of the preparedness of the German army such a rush would very likely prove successful.

Germany's acquisition of Holland, in whatever form, would directly threaten all those European Powers which do not desire to see Germany become all-powerful on the Continent. Viewed from the British point of view, Holland, which separates Germany and Great Britain, occupies the identical position which Corea occupied in relation to Japan and Russia before the outbreak of the Russo-Japanese war, and an occupation of Holland on the part of Germany might, to that country, have consequences similar to those which the attempted occupation of Corea had to Russia. The absorption of Holland by Germany would permanently threaten the safety of England. Therefore, Germany will hardly be able to acquire Holland forcibly without a great struggle, unless some vast international commotion such as a great European war in which Germany is neutral may give to her an opportunity of acquiring Holland by a coup. Unless such an opportunity should occur, Germany will probably endeavour gradually to strengthen her hold upon Holland and to swallow that country by degrees. An economic arrangement between Germany and Holland may lead to a customs union, to a railway union, to the introduction of a uniform coinage in the two countries, &c., and Holland may become German almost unnoticed. This seems to be the policy which is at present being pursued by Germany.

In the light of Germany's dazzling record of success, it seems likely that she will continue her triumphant progress, and many influential Dutchmen believe that the absorption of their country by Germany is inevitable, that this consummation is merely a question of time. However, a few years may altogether change

the aspect of international politics, and the prospects of Germany. Germany's military and naval strength is based on her wealth. During the last twenty-five years the progress of her industries and of her economic power has been even more marvellous than has been the progress of her political power. However, Germany's prosperity hangs by a slender thread. Germany is greatly hampered by her lack of harbours and by the long distances which separate her coalfields and her industrial centres from the sea-coast. On the other hand, Germany has, during the time of her marvellous growth, been greatly benefited by the fact that Great Britain, her most dangerous competitor, if natural conditions are duly considered, has, at the bidding of unpractical doctrinaires, neglected her matchless resources and opportunities, and has foolishly opened to Germany her world-wide markets as a reward for seeing her manufactured goods excluded from Germany. The introduction of Protection in Great Britain and of preferential tariffs throughout the British Empire may therefore bring about the economic and the political decline of Germany, and it seems not impossible that Germany is building her fleet with such feverish haste in order to oppose if possible the conclusion of a Pan-Britannic Zollverein. Although Holland may be considered the mother of Free Trade—two centuries before Adam Smith was born the Dutch already championed that policy—Holland may owe the preservation of an independent national existence to the introduction of Protection in Great Britain. Owing to their natural burdens and hindrances, which have been touched upon in the foregoing, the German industries are working with a slender margin of profit, and if Free Trade throughout the British Empire, which is the basis on which the vast

over-sea trade of Germany has been erected, should cease for Germany, Germany's industries may collapse, her economic prosperity may be replaced by economic decay, and the costly canal route to Emden may become abandoned by German shipping because the German Government may no longer be able to subsidise that undertaking. The introduction of Protection in Great Britain may conceivably save the world from a very great war; it may save Holland from political extinction and the Continent of Europe from German domination.

CHAPTER V

THE EXPANSION OF GERMANY AND THE RUSSIAN PROBLEM

NOTE.—The following chapter was written at a time when the Russo-Japanese war was still in progress, and it will no doubt appear to many that it is now out of date in some of its statements and conclusions. Russia, which used to be considered as a Power of irresistible strength, is, since her defeat, looked upon as almost a negligible quantity. Perhaps we underestimate her real strength now as much as we used to overestimate it in days gone by. It is true that risings, revolts, and mutinies have taken place in many parts of Russia, but all attempts at bringing about a general revolution against the present régime have failed so far, the Government is gradually recovering its old authority and prestige, and the masses seem to be sinking back again into their former passivity. Russian official personages, whose high position entitle them to be listened to with respect, are convinced that the Russo-Japanese war has changed little in Russia's constitution and organisation, in her policy, and in the spirit of her people, and they predict that the bureaucracy will soon gain complete control over the rebellious elements in the country. Russia with her illiterate, torpid, and grossly superstitious masses seems not yet ripe for Parliamentary Government.

Hitherto Russia has shown a most wonderful power of recuperation. She has often been defeated, but never been crushed. She has overcome all defeats and revolts, and with a steadfastness of purpose which commands admiration, she has always resumed her advance upon Constantinople. Neither the Napoleonic wars nor the defeats by the Turks, nor the disastrous Crimean War have been able to check her expansion for long.

It is true Russia has been severely defeated, but it seems to me to be an exaggeration to speak of Russia's defeat as of Russia's downfall. As those Russians who know their country most intimately are convinced that Russia will overcome the consequences of her last defeat as easily as she has overcome those of the past, and as the best informed Germans are by no means of opinion that the danger of a great Russo-German struggle is over and need no longer be considered, I have not felt justified to alter this chapter although it seems not to be in accordance with the views regarding Russia which prevail at the moment. I have endeavoured to describe in this chapter rather permanent tendencies than momen-

tary constellations, and I think that the strong antipathies existing between Slav and Teuton, which have a deep racial and historical foundation and considerable justification, will scarcely allow Germany and Russia to live in peace although the manifestations of that antagonism have ceased for the moment. I also find it difficult to believe that Russia will fall to pieces and will thus become impotent as is so often predicted. Similar predictions were constantly and very generally made with regard to the United States fifty years ago. Russia also may have to pass through a civil war, or several civil wars, but it seems likely that she will remain a great State. Community of race, of language, and of religion, and a great common history, are after all a firm cement.

It is for two reasons of supreme importance to the British statesman to correctly understand the latent antagonism between Slav and Teuton as particularly perceptible in the mutual relations existing between Germany and Russia: firstly, because the Slavo-Teuton antagonism and a future Slavo-Teuton struggle may become the hinge on which our whole foreign and Colonial policy will be found to turn; secondly, because Slav and Teuton do their best to deceive the world as to their conflicting interests and ambitions and their mutual antipathies and hatreds, because it is in the interests of both that outsiders should neither know the real relations existing between them nor the real sentiments which they have for one another. However, the various phases of the Slavo-Teuton contest for supremacy will be found a spectacle of absorbing interest not only for the statesman and the diplomat; the general public also should watch the preliminary moves and countermoves of the two opposed races, and should follow the gradual development of the drama that may, and probably will, eventually culminate in a life and death struggle, which will prove unparalleled in the world's history for its magnitude and for its far-reaching consequences.

In order to understand the nature of the present

relations between Slav and Teuton, and especially between Germany and Russia, we must glance at the historical developments of those relations. At a time when Germany was already highly advanced in civilisation, the territory adjoining Germany towards the east, which is now under the sway of Russia, was practically a savage country. That country was considered by the Germans of the Middle Ages as their domain, an undeveloped hinterland created by Providence to give an outlet to the overflow of German population, and German settlers who sought new homes emigrated eastward and settled down amongst the native Slavs. Between the twelfth and the eighteenth century practically the entire German emigration went eastward towards the lands of the Slav, and, as is usually the case, amongst those emigrants were to be found the hardiest, ablest, and most enterprising of the race. The German knights established German rule amongst the eastern Slavs with the sword, and converted them by force to Christianity. They were followed by German farmers and peasants, and where the new-comers settled down the wilderness was cleared, the land was brought under proper cultivation, roads were made, towns and harbours sprang up, schools and churches were erected, law courts were opened, trade and commerce flourished, a superior civilisation arose.

Recognising the civilising influence of the foreigners, skilled in many arts and crafts unknown to the natives, Russian rulers such as Ivan III. and Ivan IV., Peter the Great and Catherine II., attracted Germans to the country, and during the period of Russia's transition from barbarism to civilisation Germans were to be found everywhere in high offices, and were held in high esteem at Court. In fact, the Germans were,

until lately, the ruling element in Russia, and were indispensable to the Russian Government.

Chiefly in the Baltic Provinces German civilisation became a powerful factor. As far back as 1630 the German University of Dorpat was founded, whilst the first Russian University, that of Moscow, was only established as late as 1755, and the numerous flourishing German towns and villages, with their German administrations, law courts, schools, and other institutions, spread Germanism far and wide. The official language in the Baltic Provinces was German, and German Protestantism was the leading religion of the inhabitants.

During the last hundred years, and especially since the accession to the throne of the Emperor Nicholas I., the relations between Russians and Germans in Russia have completely changed, for Russia has determinedly shaken herself free from foreign tutelage, and has set to work to Russianise the non-Russian elements of the Empire.

With the awakening of Russia to a sense of her own nationality, the Baltic Provinces soon lost the character of a German hinterland, and the chances for German immigrants became less favourable. Nevertheless German immigration, though much lessened, continued to flow towards Russia for a long time. During the twenty years between 1857 and 1876 no less than 4,606,000 Germans emigrated to Russia, whilst only 4,048,000 returned to Germany, leaving thus 558,000 Germans in Russia. Formerly Germans went to Russia because land was cheap and plentiful. Later on they rather went to the towns, where they are still strongly represented, especially in the more intellectual occupations. Amongst the Russian officials, scientists, professional men,

artists, engineers, bankers, merchants, journalists, &c., the Germans are still to be found in proportionately extremely high numbers, which may be seen from the fact that no less than 46 German papers appear in Russia, 9 in the two capitals, and 37 in the provinces, and that there are 10 German theatres in that country.

After Alexander III. ascended the throne in 1881 the Russification of the Baltic Provinces was undertaken with redoubled vigour, and with the same intolerable harshness with which, at present, the autonomy of Finland and the guaranteed liberties and privileges of the Finns are being destroyed. In 1874 marriages between Greek Orthodox people and Protestants were declared void, the building of new Lutheran churches was forbidden, the Minister of the Interior was empowered to depose Protestant clergymen; the German Corporation Schools were forcibly converted into Russian schools in 1887, the German private schools were Russianised in 1889, and in the same year the formerly German University of Dorpat was deprived of its old autonomy and completely Russianised. The German local administration and jurisdiction were likewise destroyed root and branch, and the use of the German language was penalised. Germans who had held administrative or judicial appointments, as well as University professors and schoolmasters, were summarily dismissed, and were replaced by Russians. By an Imperial Ukase of the 24th May, 1886, the acquisition of land by foreigners in Western Russia was forbidden, and the German estate and factory managers and the German foresters were dismissed. The Russian language was made compulsory in the law courts of the Baltic Provinces, notwithstanding the fact that very often both plaintiff

and defendant understood only German. To obliterate the last vestige of Germanism the very names of the former German towns were Russianised. For instance, Dorpat and Dünaburg were turned into Jurjew and Dwinsk.

Needless to say, the ruthless destruction of German culture and of the German nationality in the Baltic Provinces aroused the greatest indignation amongst the Germans in Germany, who, with grief and rage saw their countrymen suffer. According to a statement of Bismarck, which probably was exaggerated, the German inhabitants and their decendants in the Baltic Provinces counted more than three millions ; according to Leroy-Beaulieu the Baltic Provinces were more German than Alsace-Lorraine. Consequently German patriots had hoped to see the vast territories which German industry had cultivated rejoin Germany some day by the gravitation of their German population. However, these hopes were shattered, and Germany became aware that she had not only lost strength by the emigration of many of her best citizens to Russia, but that she had also supplied her neighbour and prospective enemy with the intellectual leaven and the sinews for war. Germany had to look on whilst her former citizens were as completely absorbed into Russia by brute force, not by their own choice, as her latter-day emigrants have voluntarily merged themselves in the Anglo-Saxons of the United States and of the British Colonies.

It is therefore only natural that Germany is embittered against Russia on account of the ruthless destruction of the German element in the Baltic Provinces, but no less is Russia embittered against Germany for political reasons. Russia considers that

she saved Prussia from total destruction by Napoleon in 1806 and 1807, and that she finally delivered her from the yoke of the French conqueror in the war of 1813 and 1814. Again, in 1870, had it not been for the friendly support of Russia, Germany might have found Austria, Italy, and Denmark ranged on the side of Napoleon III., and the Franco-German War might have had a very different issue.

It was, of course, not from merely sentimental reasons that Russia assisted Prussia against Napoleon I., and that she promised to Prussia her support in the event of other Powers assisting France in 1870. Prince Gortschakoff, like all statesmen in Europe, had been dazzled by Napoleon III.'s dramatic and well-advertised exploits in the Crimea, Italy, Algiers, and Mexico, and he believed the imposing figures as to the strength of the French Army which the *Journal Officiel* gave on the 16th of August 1869, with deliberate intention to deceive the world. Besides, Russia, together with all other Powers, not only overestimated the military strength of France, but underestimated at the same time the military strength of Germany. Furthermore, it appears that Prince Gortschakoff desired to see France and Germany fight one another without external assistance, in the hope that the Franco-German War would be long drawn out and exhausting to both parties, so that he might have a chance of stepping in when France and Germany were crippled, posing as the saviour of Germany, and arranging the terms of peace between the belligerents, with material advantage to Russia. That event, which would have meant the weakening of Germany at the peace, and the strengthening of Russia at the cost of Germany and France, would of course have been highly welcome to Russia.

The rapidity and completeness of the German victories frustrated Gortschakoff's scheme as completely as Napoleon III.'s plan to be the arbiter between Prussia and Austria in 1866, after both nations had become exhausted, was marred by the unexpected rapidity with which Prussia completely defeated Austria in only five weeks. Owing to Gortschakoff's miscalculation, Russia failed to receive the reward for her benevolent neutrality which she had hoped for. It is true that the German Emperor wrote some graceful letters to the Czar, and that Bismarck supported Russia in 1871, or rather did not oppose her, when she wanted to have Paragraph 11 of the Treaty of Paris repealed in order to obtain freedom of action in the Black Sea, but that support in a minor question was hardly regarded by Russia as an adequate *quid pro quo* for the priceless services which she had rendered to Germany in 1870.

The consciousness of having rendered the most important services to Germany gratuitously, and of having strengthened her western neighbour to her own danger, was bound to cause great dissatisfaction in Russia. With his usual perspicacity and foresight, Bismarck recognised the existence of this feeling and the danger springing from it. Consequently he cast about for a common policy with Russia, and the revolution in Paris and the frightful excesses of the Commune in 1871 suggested to him a happy idea. Incessantly the danger of international anti-monarchical movements was pointed out by him to the Russian Court in despatches and semi-official newspaper articles, as well as the danger to Russia, Germany, and Austria from Polish aspirations towards the foundation of an independent Poland. He suggested the opposing of an alliance of monarchs to the allied

revolutionary forces which threatened all thrones, and, as his arguments received a timely point from the restlessness of German Socialists, Russian Nihilists, and Polish agitators, he succeeded in convincing the Czar of his imminent danger, and a formal alliance between the three Emperors of Russia, Germany, and Austria-Hungary was concluded in September 1872. Thus the disappointment of Russia about the outcome of the Franco-German War had been skilfully relegated to the background. Nevertheless Russia's real feeling for Germany could not be repressed, and became apparent in 1875, when war threatened to break out anew between France and Germany. At that time Russia threw her influence on the side of France, determined not to see Germany further strengthened. Again in 1886, when Boulanger seemed likely to become the ruler of France, Germany's attitude became distinctly aggressive, war seemed impending, and again the Russian semi-official press declared in unmistakable language that Russia would not tolerate any further weakening of France.

Germany had disappointed Russia's hopes in 1870–71. All the more did Gortschakoff count upon Germany's gratitude in the future, especially as Bismarck was never tired of flattering the vain old gentleman whom he called his master in diplomacy. An occasion soon arose. In March 1878, the Peace of San Stefano seemed to bring Constantinople into the grasp of Russia, and Russia's dream of centuries seemed at last to approach realisation. However, when the Russian armies were already in sight of Constantinople a British fleet appeared in the Bosphorus, the language of the British Government became threatening, and Count Andrassy obtained from the Austro-Hungarian Delegations a credit of sixty million florins

for military purposes. The Dual Monarchy prepared herself for war with Russia, and England did likewise.

Under those circumstances, Russia naturally looked to Germany for a proof of the gratitude which that country had so often professed for Russian services rendered in the past, for only the weight of Germany and the ability of Bismarck could turn the scales in favour of Russia, and enable her to reap the fruit of her victories. Russia expected this all the more as Bismarck had made the Russian Government to believe that Germany would assist Russia in conquering Constantinople, just as he had deluded Napoleon III. in 1866 into the belief that he would be allowed to take Belgium. The latter hope had kept Napoleon quiet during the war between Austria and Prussia; the prospect of possessing Constantinople had made Russia assent to the Franco-German peace arrangements of 1871.

However, the Congress of Berlin proved to be a terrible disappointment to Russia. Bismarck presided, but he did not help his former protector. Under the guise of the "honest broker," he succeeded in barring Russia's progress to Constantinople, in securing Bosnia and Herzegovina for Austria-Hungary, and in arranging the cession of Roumanian Bessarabia to Russia.

The effect of these arrangements was most advantageous to Germany and most disadvantageous to Russia. By pushing Austria-Hungary two hundred miles forward on the route to Constantinople, and by giving to her those Slavonic countries which Russia considered the fruit of her victories, Bismarck sowed hatred between Russia and Austria-Hungary, and prepared the way for a future defensive alliance

between Germany and Austria-Hungary, the conclusion of which the stipulations of the Berlin Congress had made inevitable. Besides, Bismarck had created a most intense hatred between Russia and Roumania, Russia's former ally, who was despoiled by Russia of Bessarabia after she had saved the Russian armies from destruction by the Turks.

The decisions of the Congress of Berlin, to which Russia had looked with such high hopes, were received in Russia with amazement and with the rage of despair. The lives of 200,000 soldiers had been sacrificed in vain. Only Germany and Austria-Hungary had profited from Russia's victories. The *Golos* wrote: "Russia has been deceived by her friends, and has foolishly helped her enemies by her victories." Prince Galitzyne complained: "Bismarck has been only the honest broker, not Russia's friend and protector. In these hard times Russia had a right to expect more." Aksakoff, the father of Pan-Slavism, said: "The Congress has been an impertinent insult to Russia. Germany and the Western Powers have robbed Russia of the wreath of victory, and have put on her brow a fool's cap and bells." General Skobeleff, the then prospective Commander-in-Chief for War, made, shortly after the Russo-Turkish War, a speech to the Servians in Paris, in which he said: "In our house we are not at home. The foreigner meddles in everything. We are his dupes in politics, we are victims of his intrigues, we are governed and paralysed to such an extent by his innumerable and pernicious influences that we can find deliverance only sword in hand. Do you wish to know the name of the foreigner, the intruder, and the intriguer? It is the German. I repeat it, and hope you will never forget it: our enemy is the German. The battle is unavoidable

between German and Slav, and it will be long, bloody, and terrible, but the Slav will triumph."

The Anti-German movement in Russia found a corresponding echo in Germany. The *Leipziger Zeitung* of the 24th of August 1882, said, in Bismarck's personal style: "A war with Russia does not lie within the sphere of impossibilities. The revolutionary tendencies in the Russian people, the bankruptcy of the Russian administration, the distress of the Russian people, the sorry figure Russia cut in the Russo-Turkish War, and the whole nature of an empire which requires constant expansion and covets the German harbours in the Baltic . . tend towards driving Russia into war. . . . The sentiment of the country favours such an enterprise, for the hatred against Germans, which has ever been present and popular in Russia, is now being systematically cultivated." Numerous books and pamphlets, violently anti-Russian, were issued in Germany. The motto of "The German War with Russia," Leipzig, 1882, was: "The security of Europe demands the annihilation of Russia as a European great power." The leading note in *Russland am Scheidewege*, Berlin, 1888, is: "Between Germany and Russia there exist not differences of opinion on isolated questions of policy and statesmanship which can be settled in one or the other way, but deep-seated ineffaceable contrasts of race and culture which irresistibly press towards an open conflict."

Up to 1877 Russia had seen in Germany a friend; from the Berlin Congress onward Russia began to consider Germany as a stealthy and very dangerous enemy. Russia's mental attitude towards Germany and Austria-Hungary may be expressed in the celebrated phrase of Gortschakoff after the Crimean War:

"La Russie ne boude pas, elle se recueille." From 1879 onward the concentration of enormous masses of troops on the German and Austrian frontier was begun by Russia, and the Three Emperors Alliance, concluded in 1872, was followed on the 7th October 1879, by a defensive alliance between Austria and Germany directed against Russia.

Whilst Bismarck protected Germany against the danger of an actual attack from Russia, he tried at the same time, with consummate skill, to divert Russia's animosity against Germany into other channels. As he directed French attention towards the conquest of a colonial empire, and successfully used the Egyptian question as a lever with which to separate France and Great Britain, even so he succeeded in persuading Russia that Great Britain was her irreconcilable enemy, and did all he could do to accentuate the differences existing between Russia and this country. In fact, by Bismarck's genius Great Britain was made the lightning conductor which sheltered the German house against the dangers which threatened it from both France and Russia. It has been asserted that Germany fanned the Pro-Boer agitation in Russia for similar reasons.

From the foregoing it seems clear that the dislike existing between Germany and Russia has a historical foundation, and that Germany as well as Russia has much reason to complain. At the same time it must be remembered that historical differences existing between two nations are soon forgotten if their present material interests and their political ambitions do not clash. Whatever their differences may have been in the past, nations can live in peace and forget old wrongs if their living interests be not antagonistic. To find out whether German and Russian interests,

or rather the interests of Slav and Teuton, are compatible or incompatible, we have to look at the Slavo-Teuton question, and to weigh against one another the national as well as the racial interests, aims, and ambitions of Germany, Austria-Hungary, and Russia.

Up to the time of Russia's national awakening the vast stretches of country east of the present German frontier were considered as Germany's preserve, and little was feared from the uncivilised and unorganised tribes living in the east. All danger to Germany came from the west. France, which had invaded and ravaged Germany innumerable times, was the dreaded and hated hereditary enemy, the "Erbfeind" of Germany. Since then Germany's position has considerably changed. The defeats of 1870–71 have given to France a terrible lesson; Germany is no longer divided against herself, and the German population being now fifty per cent. larger than that of France, French aggression is no longer feared by Germany.

At the present time the German population is increasing extremely rapidly, the average increase amounting to 900,000 per annum. As Germany is determined to remain a great power, and is loth to strengthen other countries with her surplus population as she has done in the past, she strives to acquire territories suitable for white settlers, and to strengthen the German nationality wherever possible. Consequently, she can neither tolerate that the German race be confined within narrow bounds, nor that part of the race be crushed out of existence by another race.

From the German point of view the ever-growing power of Russia, which has so suddenly arisen out of

nothing on her eastern frontier, is therefore considered Germany's greatest danger, not only from a national but also from a racial point of view, especially as Russia has shown a marvellous ability both for disintegrating her neighbouring nations by Pan-Slavic agitation and intrigue and by the propaganda of her Church, and for rapidly Russianising and absorbing other races within her own border. It is therefore only natural that German statesmen should contemplate with grave concern the dissolving influence exercised by Russia upon the Balkan States and Austria-Hungary, and the rapid destruction and assimilation of other races and nationalities dwelling within her borders.

For Austria-Hungary the Russo-Slavonic danger is even greater than it is for Germany, because she offers a greater scope to the destructive activity of Pan-Slavism. Germany is a country having about 60,000,000 inhabitants, out of whom only 3,000,000, the Poles, are Slavs; yet the existence of even such a small number of Slavs gives to the German Government no little anxiety, as may be seen from its anti-Polish policy. How much greater, then, must be the Slavonic danger to Austria-Hungary, seeing that out of 47,000,000 inhabitants about 22,000,000 are Slavs, as compared with only 11,500,000 Germans and 8,000,000 Magyars.

The Pan-Slavistic movement has already taken deep root among the Slavs of the Dual Monarchy; in fact, it may be said that Pan-Slavism was originated in that country, not in Russia. Ian Collar, the poet of Pan-Slavism, was born in Hungary, and worked in Vienna and Prague, and the first Pan-Slavistic Congress took place in Prague in June 1848, since when Pan-Slavistic teachings have widely spread.

The Austro-Hungarian Slavs belong to various nationalities and speak various languages. Consequently, though they are numerically the strongest power in the country, the Government in Vienna has so far been able to turn the divisions of the Austro-Hungarian Slavs into several nations, speaking different languages, to good account; and in spite of their great numerical preponderance the Slavs in Austria-Hungary do not enjoy autonomy and privileges similar to those possessed by the Austrian Germans and by the Magyars of Hungary. It is therefore only natural that the Slavs in Austria-Hungary, especially the Czechs in Bohemia, are dissatisfied with their political position, and that they cast longing eyes eastward towards the "Czar Liberator." The Russophile movement in Austria-Hungary is especially noticeable in Bohemia, and is too well known to be enlarged upon. In a country distracted by the violent strife of nationalities, where more than a dozen different languages are spoken, where one officer of the Imperial Army often does not understand the other, a largely disaffected and Russophile Slavonic element, counting 22,000,000, is particularly unfortunate and very dangerous.

Seventy-five years ago Field-Marshal Radetzky, Austria's greatest general since Archduke Charles, embodied in two masterly memoirs, entitled "Reflections on Fortresses" and "Consideration of the Military Position of Austria," his ideas as to the future political and military relations between Russia and his country. History has already proved in part the correctness of Radetzky's views and the soundness of his forecasts. Therefore it will be interesting to consider the chief points of those memoirs, which are equally

applicable to the present day. The Field-Marshal says :—

". . . Owing to her geographical position Russia is the national and eternal enemy of Turkey. The huge territory of that Empire can send its produce only through the narrow gates of the Baltic, and through the Bosphorus. Russia must therefore do all she can to take possession of Constantinople, for its possession grants to her the necessary security and territorial completeness.

" The so-called Oriental Programme has often been adjourned at St. Petersburg, but has never been dropped. The anxiety of Europe in view of the immense Russian preponderance cannot be hidden. Everywhere plans of defence are being prepared against the threatening spectre.

" Russia is no doubt the most dangerous neighbour of Austria, and nothing is more unlikely than that we shall remain constantly at peace with her. Already her population is twice as large as ours, and the high birth rate of Russia must double her population in fifty-four years, and quadruple it in one hundred and eight years. She also possesses the possibility of becoming the richest nation in the world by paying due attention to her agriculture and her other industries.

" In our own country a powerful element extends from the Bukowina to Croatia, related to the Russians by religion and language, and this powerful element is in favour of Russia. All these circumstances force us to the conclusion that Russia is the power from which the greatest peril threatens us.

" Russia's geographical position makes it indispensable for her to keep open the Bosphorus and the Sound. She can only secure the former by dividing its shores between two independent powers, or by taking possession of it. Austria might permit the former, and might also permit Russia to possess an isolated fortress on the Straits similar to Gibraltar. But Austria can never tolerate that Russia should incorporate Turkey in part or whole, for in that case Austria would be hemmed in and controlled by Russia.

" The Danube is Austria's main artery. Its lower reaches in the Black Sea are as necessary to Austria as the Sound and the Dardanelles are to Russia, and, in order to utilise the Danube freely, Austria requires also the free use of the Dardanelles. Hence it follows that the conflicting interests of Austria and Russia must lead to war unless both nations be able to arrive at an agreement with regard to Turkey."

The energetic and statesmanlike views of Radetzky used to be the views of the leading circle in Austria-Hungary. If formerly one mentioned to an Austrian the possibility that Constantinople might some day become Russian, one was assured: "The way to Constantinople goes *via* Vienna." At that time the disintegration of Austria, the strife among her numerous nationalities, and the corroding influence of Pan-Slavism were less in evidence than they are now. Austria-Hungary still felt strong for action. Since then she has become more and more conscious of her internal irreconcilable dissensions. It is even doubted in Austria whether some of her Slavonic troops would fire on Russians. The Dual Monarchy has become aware that she is neither a nation nor a union of nations, but an ill-assorted assemblage of quarrelsome peoples devoid of any common bond, either of language, religion, race, history, or policy. In fact, Austria-Hungary is little more than a geographical expression. Hence it comes that the time of a bold and active policy for Austria-Hungary may perhaps be considered as past. The chief care of her Government is to keep together what it has—if possible. Besides, Austria-Hungary remembers too well her defeats at Marengo, Solferino, and Königgrätz. With her losses of territory and prestige she has also lost courage, especially as her present, and still more her prospective, ruler has hardly the spirit required to initiate an energetic national policy.

Austrian politicians consequently look on the power of Russia and on the steady advance of Pan-Slavism in their own country with silent dread, whilst the Austrian Slavs greet with joy every step of their country towards Russification. In consequence of this helpless and precarious position, Austria-Hungary

has become an absolutely trustworthy ally, one might even say an ever obedient satellite, of Germany.

In Bismarck's time German diplomacy used to declare that the Eastern Question was of no interest to Germany, and even now similar declarations are frequently made in Berlin. But as a matter-of-fact the Eastern Question appears to be of the greatest importance to Germany, though German statesmen think it injudicious to say so. If Constantinople should fall into the hands of Russia, the Balkan States, the inhabitants of which are of the same race and religion as the Russians, would also soon become Russian, and Austria-Hungary would find herself hemmed in on three sides by Russia. The Slavonic people of Austria-Hungary, who are already straining at the leash, would soon become unmanageable, the various nationalities in Austria-Hungary would lose all cohesion, the powerful Slavonic tribes would naturally gravitate towards Russia, and in the end the Germans in Austria-Hungary, isolated and but 11,500,000 in number, would share the fate of their countrymen in the Baltic Provinces. Constantinople in Russian hands means the eventual Russification of the Dual Monarchy.

Germany cannot, of course, view with equanimity the possibility of seeing herself deprived of a reliable ally, of being in the end isolated and hemmed in by an immense Russian empire, and of seeing 11,500,000 Germans in Austria-Hungary absorbed by Russia, and lost to Germanism. Therefore, though the realisation of that consummation would appear to be a long distance ahead, it is of the highest importance to Germany to see Russia's path to Constantinople barred, for its possession would

strengthen her immensely, and would mean the greatest danger to the German nation and to the German race.

Germany has no desire to quarrel with her Eastern neighbour if she can help it, and she therefore tries, and will always continue to try, to avoid war with Russia, and to persuade other nations that it is their greatest interest, but no interest of Germany, to keep Russia out of Constantinople. Germany desires to avoid a war with Russia for very good reasons. France will probably remain a faithful ally to Russia as long as Russia remains solvent, and Germany is aware that the issue of a war with France and Russia combined would be doubtful. In any case, such a war would prove exhausting to Germany, and would mean the loss of much trade, and general impoverishment of the country. Besides, even if Germany should be victorious, she could neither recoup her losses by exacting an indemnity from Russia, nor by annexing territories peopled by unmanageable Poles. Bismarck said truly: "Russia has nothing that Germany desires."

It is clear that a German-Russian war would certainly not only be risky but also very unprofitable to Germany. Therefore Germany tries her hardest to maintain her "traditional friendship" with her Eastern neighbour, and the dynastic relations between the two nations are, at least as regards the protestations made in Berlin, most cordial. Nevertheless, in spite of these outwardly cordial relations, and in spite of the numerous assertions that the question of Constantinople does not concern her, Germany has strengthened Turkey very materially by building strategical railways for her, and by supplying her with officers and arms, notwithstanding the fact that

Russia desires the decay of Turkey in order to step easily into Constantinople.

Germany's policy at Constantinople is distinctly and intentionally anti-Russian. Its true character was revealed shortly after the present German Emperor had come to the throne. At that time the relations between Russia and Germany were somewhat strained. The visit which the German Emperor had paid to St. Petersburg from the 19th to the 24th of July 1888, had given rise to some very unpleasant scenes, and it had been returned only after fifteen months, on October 11th, 1889, in the most perfunctory manner. The tardiness and coldness of this visit was considered a deliberate slight to Germany. Immediately after the Czar's visit William II. paid a visit to the Sultan from the 2nd to the 6th November, and his reception at Constantinople was splendid and truly national. The German Emperor was greeted by the Sultan and the people as the friend and benefactor, one might almost say as the protector, of Turkey. The political meaning of his visit was unmistakable, and it was felt in Russia as a severe defeat.

In 1877–78 Russia found it already difficult enough to defeat the Turkish armies. In a future war Russia might find the task of penetrating to Constantinople overland still more difficult. The Turkish army is now composed of 262,000 officers and men in peace, and of 1,310,000 in war, with 1530 guns. The whole of this vast army can be mobilised in from two to three months, and, according to the best information available, 355,000 infantry, 14,000 cavalry, and 948 guns could be collected near Constantinople within two or three weeks, reinforced by 100,000 Albanians and Asiatic Redifs. Quick-firing guns are being intro-

duced into the artillery. For the use of the infantry there are in existence 920,000 Mauser rifles, with a reserve of 500,000 Martini-Henry and Peabody rifles. The store of ammunition is ample, and amounts to 500 cartridges per rifle. The spirit of the Turkish Army is excellent, as could be seen in the Greco-Turkish War of 1897.

In view of the excellence of the Turkish Army, it is only natural that Russia should contemplate approaching Constantinople by sea, a contingency which Bismarck foretold as early as the spring of 1891. The frequent embarkation manœuvres in the Black Sea on a vast scale, and the constant keeping in readiness of much shipping for purposes of military transportation, are of great significance. It is believed that Russia is able to embark 100,000 men in the Black Sea ports at the shortest notice.

Apart from strengthening Turkey and making her a bulwark of Germanism, Germany has staked out claims in Asia Minor. In fact, Germany hopes to find in Asia Minor in course of time those colonies, able to receive her surplus population, which she so ardently desires. In this connection it should be remembered that, though Constantinople is not the key of the world, it is certainly strategically and commercially the key of Asia Minor. If Russia should occupy Constantinople, she always could, and certainly would, cut off the approach to Asia Minor from Germany and Austria-Hungary, and, unless Great Britain should interfere, Asia Minor would undoubtedly fall into the hands of Russia after she had taken Constantinople. Therefore it is clear that Russia's occupation of Constantinople would mean for Germany not only the prospective break-up of Austria-Hungary and her final absorption by Russia, but also

the shattering of Germany's hopes of colonisation in Asia Minor. In other words, if Russia should occupy Constantinople, Germany's expansion in and out of Europe might become impossible. Unable to expand, Germany would soon fall to the rank of a second-rate power, and would continue to strengthen the Anglo-Saxon nations with her surplus population.

Germany is fully aware that if she gave a free hand to Russia to absorb gradually Turkey, the Balkan States, Asia Minor, and perhaps also Austria-Hungary in part or in whole, Russia's successes would only serve to increase her appetite, and that she would finally encroach on German territory. She might, for instance, declare herself the protector of the Polish nation, and raise a claim on behalf of the kingdom of Poland, which included large parts of the German provinces of Ost-Preussen, West-Preussen, and Posen. Consequently Germany is determined to stop at any price the strengthening, not the growth, of Russia, indirectly as long as she can, and directly as soon as she must.

Russia's extensions of territory in Asia have been most welcome to Germany, for it is evidently an advantage to Germany if Russia incurs new responsibilities and creates for herself new enemies, such as Japan. Russia's Asiatic possessions, instead of being a source of strength, are a source of weakness to her. Instead of enriching the State, they impoverish it by necessitating vast administrative expenses. Besides, Russia is compelled to maintain in Asia, at huge cost, more than one hundred thousand soldiers who otherwise might become available against a European enemy. It is therefore clear that it is in the interest of Germany to see Russia in difficulties in Asia with any power, Great Britain included. Hence the anti-

British attitude of Count Waldersee in China. Hence Germany's moral support of Russia against Japan.

In view of Germany's position and her Russian policy, it was only to be expected that she would give to the "Yangtse Agreement" an interpretation which astonished our Foreign Office, but which did not surprise those who understand the Russo-German relations. The conclusion of the "Yangtse Agreement" by Great Britain was a proof of official optimism which nothing could justify.

Russia had been deceived by Germany's attitude up to the Congress of Berlin, but not later. Since then she has formed the decided opinion that Germany is her worst enemy, that the opposition to her progress towards Constantinople is organised in Berlin, that Great Britain and Austria-Hungary are less interested in Constantinople than is Germany—that, in fact, the way to Constantinople goes *via* Berlin. From that time onward German assurances of friendship have been more or less politely acknowledged by Russia, and the cordial effusions of William II. have been coolly, sometimes frigidly, returned, but at the same time the garrisons facing the German and Austrian frontiers have been enormously strengthened. Everything has been prepared for war with Germany. The garrisons of the three western districts of Russia, Warsaw, Vilna, and Kieff, have been increased in the following manner :—

1879	14	divisions of infantry,		8½	divisions of cavalry.
1889	25	„	„	10	„	„
1900	31	„	„	16	„	„

The troops of the last year given comprise 607 battalions of infantry, 408 squadrons of cavalry, 295 batteries of artillery, and other arms.

It would be difficult to state the exact number of men and horses massed against the German frontier as the strength of the different units is kept secret, and is quietly increased or lessened according to the political outlook, but it may be assumed that about 600,000 men, with 100,000 horses and 2360 field guns, are at present assembled within easy reach of the Austro-German frontier. How immense these figures are, even for Russia, may be seen from the fact that only 17 divisions of infantry and 4 divisions of cavalry remained in 1900 for the garrisoning of the immense territory of European Russia outside the districts of Warsaw, Vilna, and Kieff. In fact, about two-thirds of Russia's European army are massed on the small piece of territory mentioned, ready to strike at any moment. In the immediate vicinity of the German frontier 150 battalions of infantry, 140 squadrons of cavalry, and 50 batteries of field artillery are stationed. At a few hours' notice 20,000 Russian horsemen could cross into Germany, followed within a few days by huge armies. Preparations of such volume and such completeness are not made for defensive purposes.

Russia's military position is a particularly happy one, and resembles that of the United States. Neither of these countries can be successfully invaded because of the vast extent of their territory, nor can they be starved into submission, as they are practically self-supporting and self-sufficing. It follows therefore that, if Russia wishes to remain peaceful, her standing army, like that of the United States, need only be so strong as to be able to police the wilder and the more unruly districts of the country. That Russia, notwithstanding her great poverty, maintains in peace time a standing army of no less than 42,000 officers

and 1,073,000 men, is an eloquent proof of her bellicose intentions against a great European power.

Russia is the only country in Europe which does not require a large army for defence. St. Petersburg is 450 miles and Moscow 600 miles distant from the nearest point of the German frontier. From Austria-Hungary the distances to St. Petersburg and Moscow are still greater, namely, 650 and 700 miles. On the other hand Russian troops would only have to march 190 miles to Berlin and 200 miles to either Budapest or Vienna. Apart from the great advantage of distance, the Russian army would have the further advantage that it could easily live on the country in Germany and Austria-Hungary, while a large invading force could not live on the country in Russia. Furthermore, Russia could prolong the war indefinitely after the fall of her capitals, as did the Transvaal and the Orange Free State, whilst Germany or Austria-Hungary could certainly not survive the fall of Berlin or Vienna. Lastly, Russia possesses no territory that her neighbours covet. It is therefore clear that her vast army is meant for aggressive purposes.

Russia's political and warlike activity springs from the natural circumstances of the country and of the people, and from the ambitions of her rulers. Her territory is immense and her population is large and rapidly increasing. Its past increase may be seen, and its future increase be gauged, from the following figures :—

1762	19,000,000	inhabitants.
1796	36,000,000	,,
1815	45,000,000	,,
1835	60,000,000	,,
1851	68,000,000	,,
1859	74,000,000	,,
1907 (estimated) .	140,000,000	,,

If we bear in mind how sparsely Russia is as yet inhabited, and that the Russian birth rate is 49.5 per 1000 as compared with only 28.6 per 1000 in the United Kingdom, it becomes clear how rapidly Russia's population may increase in the future, especially when prosperity and education effect a fall in the death rate, which is at present as high as 31.4.

The vastness of Russia's territory, the magnitude of her population, the immensity of her latent national resources, and the potentialities of the empire make it only natural that Russia has a boundless confidence in the future of her race and country. Naturally, her statesmen have ambitions commensurate with the size of the State. These ambitions are two in number: a free opening towards the Mediterranean, and Russia's dominion over all Slavs. Russia has proved the former ambition in numerous wars; the latter ambition is evidenced by the fact that she undertook the war of 1877–8 for the deliverance of her Slav brothers—"of a people of the same race and having the same religion," as Grand Duke Nicholas said at the Shipka celebrations. As a matter of fact, these two ambitions are one in practice. It has been shown before that the possession of Constantinople would bring about Russia's gradual absorption of all Slavonic nations. It is equally clear that the incorporation with Russia of all Slavonic nations which hem in Turkey would mean in the end an easy conquest of Constantinople.

Russia's policy, though bewildering to the casual observer, is only natural and logical, if we bear in mind that the possession of Constantinople is her constant aim, and that her Asiatic adventures are either idle conquests "*pour passer le temps*," like that of Manchuria, or deliberate moves in the great game

for Constantinople, like her occasional demonstrations against India, or her progress in Persia. It is of course worth her while to secure an alternative land route towards Constantinople, and to intimidate in advance Great Britain by menacing India into acquiescence in her final step.

The possession of Constantinople would mean far more for Russia than a commercial outlet towards the Mediterranean; it would mean that an enemy would no longer be able to attack Russia in the Black Sea, at present her only vulnerable point, whilst Russia would always be able to raise enormous armaments unnoticed on the shores of the Black Sea, and throw them on an enemy without warning. The possession of Constantinople would give to Russia an almost impregnable defence, and enable her to menace Europe constantly. Therefore it might give to Russia the control of the Mediterranean, and make it a Russian lake. In view of these considerations it was only natural that General Skobeleff should have declared: "Russia's frontiers will never be secure from attack until she holds the Bosphorus."

Apart from strategical considerations Russia wishes to remain a European Great Power. The possession of Constantinople would give to her a centre worthy of the empire, and the splendour of the Byzantine Empire of old might be renewed in Russia. Though the possession of Constantinople would not give to Russia the dominion of the world, it would increase Russia's strength in Western Asia and especially in Eastern and in Central Europe.

Evidently the possession of Constantinople is worth playing for. Russia has played for it during a century, and it has cost her dearly. Russia's ambition to possess Constantinople has created her

immense army. The creation of her immense army has necessitated an immense administrative machine and strategical railways. Chiefly in consequence of Russia's attempts to reach Constantinople, her national debt has risen from nothing in 1843 to £707,851,930 in January 1904, a month before the outbreak of the Russo-Japanese War, and her national expenditure has increased from £91,314,000 in 1885 to an average of more than £200,000,000 at the present time. Russia pursues her aim with that tenacity of purpose which is one of her characteristics. Her defeat in Eastern Asia will not stop her for long.

If we consider Russia's policy we must at least give a parting glance to the late intellectual leader of her policy. The leading statesman in Russia was not her Minister for Foreign Affairs, but K. Pobiedonostzoff, the Procurator of the Holy Synod. Having been a teacher of Alexander III. in 1860, Pobiedonostzoff's direct and indirect influence over the reigning family and over the Russian Government had been very powerful under Alexander II. and Alexander III., and continued to be so under Nicholas II. That is said to be the reason why the policy of the Russian Foreign Office under Giers, Lobanoff, Mouravieff, and Lamsdorff has shown such remarkable uniformity. Pobiedonostzoff was an absolutist and a zealot, who combined with the zeal of the fanatic the subtlety of the diplomat. Theologically he considered the Russian Church as the only true Church in Christendom, as willed by God and proved by History. He considered himself as a man with a great and glorious mission—to Russianise the world—and he was aware that nothing could further his plans more than Russia's conquest of Constantinople. Pobiedonostzoff may be said to have moulded modern Russia.

When Russian and German statesmen dispassionately survey the past and consider the aims and ambitions of their country, Russian statesmen will probably bitterly regret that they have strengthened Germany in the past, and German statesmen will as strongly regret that they have not succeeded in weakening Russia more than they have done. Only in one point Russian and German statesmen may be found to agree, and that is in the conviction that the interests of Slav and Teuton are diametrically opposed and irreconcilable, that the Slav bars the way of the Teuton and the Teuton bars the way of the Slav towards development and power, that only one of the two races can live and prosper, and that therefore a struggle for life and death between them is perhaps unavoidable.

The apparently irresistible progress of Russia in every direction—for she should soon recover from her defeat by Japan—seems to many people as great a menace to liberalism, freedom of thought, and toleration—one might almost say to the civilisation and progress of the world—as was the victorious progress of the Turks in the Middle Ages. However, the triumphant advance of the Turks was stopped by Germanic nations on German soil. History may repeat itself, and Germany may be destined to save Europe from invasion for the second time. Perhaps the Russian nightmare will end like the Turkish bubble, and future generations may wonder, as we wonder now when thinking of the Turks of old, that barbarism ever could have been so strong.

If we review the Slavo-Teuton problem in all its bearings, it would seem that the differences existing between Slav and Teuton can only be decided by war. That these differences should be settled by

mutual agreement appears unlikely in view of the narrow theatre of Europe in which the main interests of both races are centred.

The development of the coming struggle between Slav and Teuton should be watched by Great Britain with the equanimity of a disinterested spectator. It would seem the height of folly if she should unnecessarily join the fray. Likewise it would seem the height of folly if Great Britain should come into collision with either Russia or Germany before the great struggle between Slav and Teuton has been decided. An Anglo-Russian war would only serve to further Germany's plans, and put Constantinople in her reach, if not in her actual possession ; an Anglo-German war might conceivably enable Russia to take Constantinople.

As the Teutonic and the Slavonic elements of Europe, with their allies and possible allies, are about equally strong, Great Britain can well afford to leave the settlement of the Eastern question in the hands of the Continental nations which are most directly interested in it. In fact, Slav and Teuton, with their following, are so well matched that both must avoid serious entanglements with third nations lest the other should raise the Eastern Question. If Great Britain keeps aloof from both camps, neither Russia nor Germany may be able to disturb the peaceful development of the British Empire, and in a struggle between Slav and Teuton Great Britain might become the balance-holder and enjoy all the advantages springing from that position.

Naturally enough we shall be told by our Russian friends that Germany is our dangerous rival in trade. On the other hand our German friends will point out to us that our position in the Mediterranean

would be endangered if Russia should occupy Constantinople. The former argument hardly needs an answer; the latter argument is no doubt weighty, and it will certainly appeal to many Englishmen. However, this argument should be refuted by one of greater strength. Those who wish to draw us into a Slavo-Teutonic struggle, which after all does not concern us, should be told that the Russian occupation of Constantinople threatens only a British trade route, which is not of vital importance to the empire, but that it threatens at the same time Germany's national existence and the future of the German race.

In view of these circumstances, it would seem that Great Britain would be well advised to regard the Eastern Question with indifference, and that British diplomacy should declare, what German diplomacy has so loudly and so frequently declared: The question of Constantinople is of no immediate interest to this country.

CHAPTER VI

GERMANY'S WORLD POLICY AND HER ATTITUDE TOWARDS ANGLO-SAXON COUNTRIES

Up to 1870 the ambitions of the Germans were for national unity and for a leading rôle among the Continental nations. Since this object has been achieved by Bismarck's genius, and since the fabric of the German Empire has been consolidated and strengthened, the German horizon has rapidly been enlarged. Though not unmindful of her exposed Continental position and of the possibility of seeing her empire expanding east, south, and west, by the absorption of the German population in the Baltic Provinces of Russia, in Austria, and Switzerland, and of the "Low Germans" of Holland, her ambition has grown, and is still growing, to become a great colonial power.

Many decades back some of the greatest German thinkers, including Treitschke, Schliemann, Roscher, List, Droysen, and many others, pointed out that the problem of disposing of Germany's surplus population in a temperate zone was an urgent one, but at the time when these men wrote and spoke Germany was still divided against herself and was powerless and poor. She then possessed neither a navy nor a merchant marine worthy the name, nor manufacturing industries, nor foreign commerce, and for some thirty years the agitation for colonies was restricted to the Universities, being ignored or even discountenanced

in official and in commercial circles. Nothing illustrates the attitude of the German people and Government in those times better than the acquisition, in 1848, of a small fleet paid for largely by the voluntary contributions of colonial enthusiasts, and its subsequent sale by auction, in 1852, by the Government.

During the last sixty years, but especially since Germany's consolidation in 1871, the population of the empire has increased with wonderful rapidity. The population of Germany within her present limits has risen as follows :—

	German population	Average increase per annum
1840	32,800,000	—
1850	35,400,000	260,000
1860	37,700,000	230,000
1870	40,800,000	310,000
1880	45,200,000	440,000
1890	49,400,000	420,000
1900	56,300,000	690,000
1907	61,900,000	850,000

At present the German population is estimated to increase by no less than 900,000 per annum. German emigration, which accounted for the loss of 220,000 citizens in 1881, has sunk to only 31,074 in 1906, but as a matter-of-fact this slight loss in population has been more than counterbalanced during the last few years by immigration into Germany from Austria, Russia, and Italy. Professor Schmoller estimates that the German population will amount to 104,000,000 in 1965, Hübbe-Schleiden prophesies that it will rise to 150,000,000 in 1980, and Leroy-Beaulieu, the first French authority on these things, has estimated that it will be 200,000,000 within a century. With so rapid an increase of the population in view, it becomes clear that the question of over-population, and of eventual emigration, may soon become a pressing

one for Germany. But Germany is loth to strengthen foreign nations, her present and future competitors, with her emigration, which earlier or later must set in in a powerful stream. Hence it comes that the necessity to provide in advance for future emigration is clearly recognised by the German Emperor and his advisers, by German business men, and by the people. The existing German colonies do not offer an outlet for the emigration of white men. Consequently the resolution has arisen to acquire colonies in a temperate zone whenever and wherever possible.

The rooted conviction that Germany must possess colonies almost at any price, which sixty years ago emanated from professorial circles, gradually pervaded the whole nation from the highest to the lowest.

The German politicians and bureaucrats, who had no experience in colonial policy, who often lacked sympathy, understanding, enterprise, and imagination regarding colonial matters, and who viewed the turbulent clamour for colonies of the professor-led multitude with the hearty dislike with which the initiative of the people is frequently viewed by official Germany, quickly became the most enthusiastic and the most uncompromising of colonial fanatics when the Emperor lent the unreserved support of his powerful personality to the colonial movement, and gave to it its anti-Anglo-Saxon character.

Astonishment has been frequently expressed in this country at the peculiar and forceful means by which Germany tries to acquire colonies, but those who are well acquainted with the character of official and unofficial Germany cannot wonder at those means. Present-day Germany owes her greatness to the sword, and her national character has nothing in common with the better-known character of the Germany of

former years, which is wrongly imputed by many to the present Empire.

In old Germany the centre of gravity lay in the more easy-going south, and her character resembled that of present-day Austria. New Germany has been conquered by the East Prussian nobility, the descendants of those hardy knights of the Teutonic Order, who, in the twelfth and thirteenth centuries, wrested East Prussia from the Slavs in countless battles, and converted the independent heathen inhabitants into obedient Christian serfs. The East Prussian nobility ruled the aboriginal inhabitants of Prussia with the greatest harshness, and various mediæval institutions—for example, serfdom—prevailed in Prussia even in the eighteenth century. Though serfdom in Prussia was nominally abolished in 1807, its last remnants continued to exist until a short time ago, and even now the downtrodden peasant in East Prussia calls his master "Herr Wohlthäter" (Mr. Benefactor), humbly kisses the hands of the squire and of his children, and the hem of his wife's garment, and submits to correction by the whip. East Prussia, with her arrogant nobility and submissive peasantry, strongly resembles her neighbour Russia, in which country also the nobility and the Government established themselves by force. In East Prussia, as in Russia, the nobility are wasteful, their estates are encumbered with mortgages, the peasantry are ignorant, poor, and hard-worked, manufacturing industries are practically non-existent, and the only way to acquire money known to noblemen is by force or by craft, not by industry. The descendants of the valorous Teutonic knights do not introduce industries on their estates, or up-to-date methods into agriculture, as will be shown in another

chapter, but try to extort from the Government high protective tariffs through their representatives in the Reichstag, the Agrarians.

The best example of the new German spirit is afforded by Bismarck, who was a typical East Prussian in his policy and in his methods. His appearance and his personality suggest that he had a considerable amount of Slav blood in him; at all events, Slavs and Slav methods were most sympathetic to him, and nowhere did he feel more at home than amongst the Russians in Russia. Bismarck's political and diplomatic methods, which were new to Germany, have made her great, and, owing to the assiduous and somewhat uncritical Bismarck cult which is carried on in that country, these methods have become in German eyes the natural and classical methods of German statecraft and diplomacy.

The East Prussian squires have always been considered to be the chief pillars of the throne, and they occupy the most important official positions in Prussia and in Germany. Consequently, it is only natural that, when the question of acquiring colonial possessions came to the front, through the action of the present Emperor, Prusso-German officialdom turned instinctively to those means which had proved so eminently successful in the past under Bismarck. It did so the more readily as to the Prusso-German official, who has grown up in feudalistic ideas, the liberal Anglo-Saxon institutions are as hateful as they are to the Russian official, for the spreading of the Democratic idea threatens to subvert the reign by caste and to destroy the privileged position of bureaucracy. To the German or Russian patriot, who looks back upon the glorious history of his country by conquest from the small beginnings made by the

Hohenzollerns and the Ruriks, the continued expansion of his country by conquest seems as natural and as legitimate as does expansion by peaceful means to the Anglo-Saxon, and to him the sword is not the *ultima ratio Regis*, but the usual and natural means of expansion and nationalisation.

It is, unfortunately, only too true that the recent anti-British, as well as the late anti-American, movement in Germany was not a spontaneous outburst of irresponsible popular opinion, as it has been described by the inspired part of the German press and by the Germanophil part of the British press, but an agitation which was kindled, fanned, and infuriated, so that at last it got quite beyond control, by those who now explain it as being an irresponsible and spontaneous outburst of popular passion. The anti-British, as well as the anti-American, movement directly emanated from the Government and those near it, and was assisted by the intellectual leaders of the nation at the Universities. It was not caused by sympathy with the Boers or the Spaniards, but solely by the appetites and ambitions of the German colonial enthusiasts.

In considering the opinions expressed by leading Germans on German colonial expansion and on Anglo-Saxon countries, the fact that those opinions are by no means merely the private opinions of irresponsible private citizens should never be lost sight of. The rigorous discipline which Germany enforces on her citizens is doubly rigorous in respect of officials and officers both on active service and on the retired list. An opinion unfavourable to the Government or to a measure taken by the Government, even though it be privately expressed by an official or an officer, will, if reported to his superior, bring on him severe

"disciplinary" punishment, or even dismissal. The Government can also bring considerable pressure to bear upon the nominally independent University professors, who all thirst after preferment by the State, titles, and decorations. Consequently, it may be said that the publicly expressed opinions of acting and retired officials and officers, and of the University professors, with regard to German colonial policy and Anglo-Saxon nations were on the whole approved of and endorsed by the Government.

The anti-Anglo-Saxon agitation by German professors should not be taken too lightly, for German professors have in the past played a great part in German history. The renascence of Prussia after her collapse in 1806–1807 was largely due to the patriotic activity of the German professors, among whom professors Arndt, Fichte, and Niebuhr were most prominent, and the unification of the German Empire was their ideal and constant thought long before the advent of Bismarck, though they intended to attain it by methods less vigorous than those of blood and iron. The old national Parliament of Frankfort and the German fleet of 1848 are witnesses to their aims. Therefore professorial utterances on matters of policy should not be dismissed as being only "irresponsible professors' talk." The professors are a great power in Germany.

German politicians and German colonial enthusiasts think very highly of the value of tropical colonies, but the acquisition of settlement colonies in a temperate zone is their principal aim and ambition, because these would afford an outlet to the rapidly increasing German population. Seeing that most habitable and thinly-populated lands over sea are in Anglo-Saxon hands, official and unofficial Germany

have been seriously considering the question whether it would be possible to wrest suitable territories from Great Britain or America. In making their plans for colonial expansion and surveying their chances against Anglo-Saxon countries, the Germans have come to the conclusion that Great Britain is a senile nation which is declining, and that the United States are a young and vigorous nation, whose political future and military potentialities seem unlimited unless, indeed, their progress be arrested by force. The plans of the colonial enthusiasts, and probably of official Germany as well, are shaped in accordance with these views.

The official and semi-official publications of Germany are of course very careful not to reveal Germany's ultimate aims as a world power, which can only be gauged from the opinions and hopes expressed by persons who move in well-informed circles. Those ultimate aims which are in everybody's mouth in Germany are expressed with delightful candour in a pamphlet, "Die Abrechnung mit England," by C. Eisenhart, Munich, 1900. In this book we are shown how Germany, with the help of her new fleet, first destroys the navy of Japan and gains a footing in the East; how afterwards, whilst Great Britain is crippling Russia in Asia for the convenience of Germany, she destroys the British fleet; and, lastly, how the "insolence" of the United States is punished by their complete defeat, Germany's victories resulting in the acquisition of the best Anglo-Saxon colonies, including Australia, and in Germany's paramountcy over Anglo-Saxondom the world over. To this writer, as to many others, German world policy is synonymous with German world supremacy and German domination over the entire globe. Another

candid writer, who, however, either does not see as far as Mr. Eisenhart, or who does not care to make known to the world the whole of his views, from political considerations, says in his book, "Deutschland beim Beginn des Zwanzigsten Jahrhunderts," Berlin, 1900 :—

"We consider a great war with England in the twentieth century as quite inevitable, and must strain every fibre in order to be prepared to fight that war single-handed. The experience of all time shows that colonial empires are more fragile and less enduring than continental empires. We do not require a fleet against France or Russia, let them even ravage our coasts in case of a war. We require a fleet *only against England.*"

In a similar strain the *Koloniale Zeitschrift* writes on the 18th January 1900 :—

"The old century saw a German Europe; the new one shall see a German world. To attain that consummation two duties are required from the present German generation; to keep its own counsel and to create a strong naval force."

Again, on the 28th March 1900, the same journal says :—

"The nineteenth century was not the German century; it was the Prussian century. In the history of the world the twentieth century will be called the German century."

In a leading article entitled "German World Policy," the *Deutsches Wochenblatt* writes on February 1st, 1899 :—

"It can hardly be doubted that at the outbreak of the next great war Russia will take Constantinople. . . . It is possible that a general war against England will come before the breakdown of the Ottoman Empire. . . . If Russia attracts to herself the Slavonic peoples round the Danube, our way *via* Salonika towards Asia Minor and Suez will be lost for all time. . . . Our motto should be: With the whole Continent against England; with Austria against Russia when the time comes."

"Teutonicus" writes in the same journal on August 19th, 1899:—

"Our adversaries in a naval war would probably be our Samoa partners (the United States and Great Britain). . . . Now, as ever, the existence of our fleet depends upon the good will of England. Therefore, it is clear that the North Sea will be the theatre of war where our fate will be decided, whether we fight for our interest in the China Seas or on the eastern coast of America. Consequently, in a future naval war, our North Sea fleet and our army of embarkation would be mobilised at the moment when the English Mediterranean fleet should effect a suspicious movement."

These utterances are more than the bombastic rodomontades of fantastical sensation-mongers, for the authors of them have palpably taken their cue from the no less unmistakable though slightly more diplomatically expressed utterances of the Emperor, who set the ball rolling and gave to the colonial movement its aggressive character by pointing out that German colonial ambitions could only be satisfied *after Germany had secured the supremacy on the ocean*—that is, at the cost of Anglo-Saxon countries. As far back as the 24th April 1897, William II. said in Cologne at a banquet: "Neptune with the trident is a symbol for us that we have new tasks to fulfil since the empire has been welded together. Everywhere we have to protect German citizens, everywhere we have to maintain German honour: that trident must be in our fist!" On other occasions his Majesty coined the winged words, "Our future lies upon the water." "Without the consent of Germany's ruler nothing must happen in any part of the world." "May our Fatherland be as powerful, as closely united, and as authoritative, as was the Roman Empire of old, in order that the old 'Civis

Romanus sum' be replaced by 'I am a German citizen'!"

On the 18th of October 1899, his Majesty made a speech in which he said, "We are in bitter need of a strong German navy. . . . If the increase demanded during the first years of my reign had not been continually refused to me in spite of my pressing entreaties and warnings, for which I have even experienced derision and ridicule, how differently should we be able to further our flourishing commerce, and our interests over sea." It can hardly be doubted that the Emperor's bitterness at his inability to "further our interests over sea" was caused by the political situation in South Africa. At the time when he was speaking the Boer ultimatum had been despatched only nine days, and a strong German fleet, had it then existed, might no doubt have been able to further "the German interest in the Transvaal as an independent State." On the 1st of January 1900, the Emperor William announced in a speech his determination to possess an overwhelmingly strong navy, in the following words: "As my grandfather reorganised the army, so I shall reorganise my navy, without flinching and in the same way, so that it will stand on the same level as my army, and that, with its help, the German Empire shall reach the place which it has not yet attained."

It may be objected that these and similar utterances of his Majesty were the spontaneous and ill-considered private opinions of a private man who happens to be the head of the State, not *pronunciamientos* deliberately launched by the head of the Empire; that they were in fact not sanctioned by the official representatives of German policy, and, therefore, devoid of political significance. People

who express such views are evidently ignorant of the far-reaching, nay, almost unlimited, political power vested in the German Emperor under the German Constitution, and are not aware that William II. is virtually his own Chancellor.

Similar views to those pronounced by the German Emperor were also uttered by his responsible ministers. For instance, on the day of the disaster at Magersfontein, the 11th of December 1899, the Secretary of State for Foreign Affairs, Prince Bülow, said in the Reichstag in support of an immensely increased naval programme: "The necessity to strengthen our fleet arises out of the present state of the world, and out of the circumstances of our over-sea policy. Only two years ago, no one would have been able to foresee in which way things would start moving. It is urgent to define the attitude which we have to take up in view of what is happening. . . . We must create a fleet strong enough to exclude attack from *any* Power." Again, a fortnight after the disaster of Spion Kop, Admiral Tirpitz, the Secretary of State for the Imperial Navy, spoke thus: "We do not know what adversary we may have to face. We must therefore arm ourselves, with a view to meeting *the most dangerous naval conflict possible.*" Prince Bülow said on the 12th of June 1900, "It is necessary that Germany should be strong enough at sea to maintain German peace, German honour, and German prosperity, all the world over." In all these official speeches a distinct hint was conveyed as to the probability of a conflict with Great Britain, from whom the supremacy at sea was to be wrested, and the regret was guardedly expressed that Germany could not turn the British difficulties and disasters in South Africa to account, owing to the weakness of her fleet.

That the German Emperor's phrase, "That trident must be in our fist," was not merely a metaphor spontaneously born from banquet-heated enthusiasm, but the deliberate statement of a well-considered policy, may be seen from the dry, matter-of-fact preamble to the German Navy Bill of 1900, which says: "*Germany must have a fleet of such strength that a war against the mightiest Power would involve risks threatening the supremacy of that Power.*" Some time ago Mr. Bassermann, the leader of the Liberal Party in the German Reichstag, thought it necessary to endorse also, on behalf of his party, the official utterances quoted in the foregoing, and said at the Liberal Party Congress on the 13th October 1903: "In our attitude towards England we must keep cool, and, until we have a strong fleet, it would be a mistake to let ourselves be drawn into a hostile policy towards her. . . . The development of the United States of North America and their desire for expansion is likewise a lesson for us not to be forgetful of our armaments, especially at sea."

Bearing in mind the dependence of German public opinion upon the views of the Emperor and his Government, it need hardly be asserted that the official and authoritative utterances cited above were carefully weighed and well-considered, and that official statements such as these were responsible for the less veiled, but more forcible, views expressed in "Die Abrechnung mit England," "Deutschland beim Beginn des Zwanzigsten Jahrhunderts," the *Koloniale Zeitschrift*, the *Deutsches Wochenblatt*, and hosts of others, and that the violent anti-British campaign had little or nothing to do with German sympathy with the Boers.

Four years ago, M. E. Lockroy, who has been

three times Minister of Marine in France, and who will probably return to that office, visited Germany and was allowed to inspect the German fleet and dockyards, even to the smallest details. That this permission was granted to Germany's "hereditary enemy" seems astonishing, unless we bear in mind that the numerous advances to France, latterly made by the German Emperor and his Government, are less aimed at insuring the peace of Europe, or at breaking up the Dual Alliance, than at securing the assistance of the French fleet for the overthrow of Great Britain. This view has repeatedly been expressed in *Die Grenzboten*, by far the most influential political weekly in Germany, which has very frequently spoken with the authority of the German Foreign Office. In view of the close relations existing between that journal and the German Foreign Office, the views expressed in it are of exceptional weight and interest, and they will consequently be occasionally cited hereafter. On the 5th October 1899, an article appeared in *Die Grenzboten*, which said :—

"All differences between France and Germany benefit only the nearly all-powerful enemy of the world. As long as the French keep one eye fixed on Alsace-Lorraine, it is no good that they occasionally look at England with the other eye. Only when the German fleet has a strength commensurate with her sea interests, will the French seek our friendship instead of being humiliated by their hereditary enemy."

M. Lockroy, who might become an important factor in favour of a Franco-German alliance, in the probable event that he should return to the Cabinet, seems not to have been left in the dark about Germany's ambitions by his official German hosts, for in his "Lettres sur la Marine Allemande," which appeared in 1901, he sums up his impressions about

the purpose of the German navy in the following way :—

"Germany will be a great naval power in spite of her geographical position and history. Her claim to rule the waves will bring on a war with Great Britain earlier or later. That war will be one of the most terrible conflicts of the twentieth century. What its result will be no one can foretell, but so much is sure, that Germany does everything that human forethought and the patience and energy of a nation can suggest."

His words evidently confirm the existence of the wish of German diplomacy to form an anti-British alliance with France, a wish which was hinted at in 1899 in *Die Grenzboten*, and in many other inspired journals. This wish dictated also the numerous personal advances made by William II. to individual Frenchmen, and the political advances made by German diplomacy. These personal and diplomatic advances deserve the greater notice as German statesmen were well aware that France would have been found on the side of Great Britain had the outcome of the famous Kruger telegram been a war between this country and Germany, and therefore Germany's assiduous advances to France are most remarkable and very portentous.

The views of the most distinguished and most respected German professors with regard to Germany's policy of colonial expansion at Anglo-Saxon cost coincide with those expressed in "Die Abrechnung mit England" and similar publications, and breathe the fiercest hatred against Anglo-Saxon countries, especially against Great Britain, the more immediate object of Germany's attention.

Count Du Moulin-Eckart, professor of history at Munich, wrote in his book, "Englische Politik und die Mächte" :—

"Our present relations with England are similar to our former relations with Austria. To both nations we are related by race, by both we have been hampered in our progress, and by both we have been deceived times without number. Time will show whether co-operation with England is possible. If it be impossible, a war will become necessary, and then: Hail thee, Germany! May the genius of a Bismarck grant us then a second Königgrätz!"

Professor Schmoller, a most prominent lecturer on political economy at the Berlin University, a member of the Prussian Privy Council and of the Prussian Upper Chamber, gave a lecture in Berlin, Strasburg, and Hanover, which has been largely circulated in print, in which he said:—

"In various States, arrogant, reckless, cold-blooded daring bullies (Gewaltmenschen), men who possess the morals of a captain of pirates, as Professor Brentano called them so justly the other day, push themselves more and more forward and into the Government. . . . We must not forget that it is in the freest States, England and North America, where the tendencies of conquest, Imperial schemes, and hatred against new economic competitors are growing up amongst the masses. The leaders of these agitations are great speculators, who have the morals of a pirate, and who are at the same time party leaders and Ministers of State. . . . The conquest of Cuba and the Philippines by the United States alters their political and economical basis. Their tendency to exclude Europe from the North and South American markets must needs lead to new great conflicts. It must also not be forgotten how England tried to wreck our Zollverein, how she tried to prevent us from conquering Schleswig-Holstein, and how anti-German she was in 1870. . . . These bullies (Gewaltmenschen), these pirates and speculators *à la* Cecil Rhodes, act like poison within their State. They buy the press, corrupt ministers and the aristocracy, and bring on wars for the benefit of a bankrupt company, or for the gain of filthy lucre. Where they govern modesty and decency disappear, as do honesty and respect for justice. Legitimate business cannot maintain itself, and all classes of society are exploited and ill-used by a small circle of capitalistic magnates, stock-

jobbers, and speculators. . . . We mean to extend our trade and industries far enough to enable us to live and sustain a growing population. We mean to defend our colonies, and, if possible, to acquire somewhere agricultural colonies. We mean to prevent extravagant mercantilism everywhere, and to prevent the division of the earth among the three world powers, which would exclude all other countries, and destroy their trade. In order to attain this modest aim we require to-day so badly a large fleet. The German Empire must become the centre of a coalition of States, chiefly in order to be able to hold the balance in the death-struggle between Russia and England, but that is only possible if we possess a stronger fleet than that of to-day. . . . We must wish that at any price a German country, peopled by twenty to thirty million Germans, should grow up in Southern Brazil. Without the possibility of energetic proceedings on the part of Germany our future over there is threatened. . . . We do not mean to press for an economic alliance with Holland, but if the Dutch are wise, if they do not want to lose their colonies some day, as Spain did, they will hasten to seek our alliance."

Another distinguished professor of political economy, Professor Dr. von Schäffle, wrote in the *Münchener Allgemeine Zeitung* on the 4th of February 1898 :—

"The progress of our sea commerce has become so immense that Germany must be prepared for anything on the part of her rivals. Let us not deceive ourselves. The English, if they can summon up the necessary courage, will try at the first opportunity to give the deathblow to our commerce over sea, and to our export industries. The Transvaal quarrel has made evident what we have to expect. Cecil Rhodes, Chamberlain, and their accomplices, are, in this respect, only types of the thought and intentions of present-day England towards new Germany. Great Britain will move heaven and hell against the sea commerce of the new German Empire as soon as she can."

Another eminent scientist, the professor of political economy, Von Schulze-Gaevernitz, wrote in the *Nation*, the 5th of March 1898 :—

"In order to strengthen the sensible and peaceable elements in England, and to confine commercial envy within harmless bounds, we require the defence of a fleet. . . . The British Cape to Cairo idea is opposed to French and German interests, but German vital interests would be affected by British control of the still undivided portion of the world especially of China and of Turkey.

Then, referring to the rapid colonial expansion of Great Britain during the last decade, he significantly adds: "But should in future the day of liquidation arrive, Germany must have the power to participate in it."

Professor Mommsen, probably the greatest historian of modern times, wrote regarding England in the *North American Review* for February 1900 :—

"The repetition of Jameson's Raid by the English Government (I won't say the English nation), dictated by banking and mining speculations, is the revelation of your moral and political corruption."

The former Under-Secretary of State, professor of political economy, Von Mayr-Strasburg, wrote in the *Münchener Allgemeine Zeitung* :—

"Our national policy requires the firm backbone of a strong fleet in order to oppose with energy the brutal instincts of exporting countries, especially of those which export agricultural produce. Our commercial policy requires it in order to give to our home industries the certainty of the continued supply of raw material and of open markets for their exports."

Hans Delbrück, the distinguished professor of history at Berlin, and former tutor to Prince Waldemar of Prussia, wrote in the *North American Review* of January 1900 :—

"England insists upon being the only great commercial and colonial power in the world, and is only willing to allow other nations the favour of owning small fragments as

enclaves wedged in helplessly between her possessions. This it is which we neither can nor intend to tolerate. . . . The good things of this world belong to all civilised nations in common. As England is not expected to give way peaceably, and as her great naval power cannot be overwhelmed by a single State, the best remedy would be the alliance against her of all her rivals together, especially of Russia, France, and Germany. . . . Such is the state of public opinion in Germany. There is only one person in the whole country who thinks otherwise, and that is the Kaiser."

From the foregoing small but representative selection of professorial opinions expressed by the *élite* of the German professors, which might easily be increased sufficiently to fill a volume, the nature of Germany's colonial ambitions and the cause of her fanatical hatred against Anglo-Saxondom, which found expression in the late anti-British movement, should be sufficiently clear.

The last phrase of Professor Delbrück, "There is only one person in the country who thinks otherwise, and that is the Kaiser," was literally true at the time when it was written, for the combined agitation by the official classes, the Universities, the entire German press, and the Protestant clergy, had roused Germany to a frenzy of hatred; and though the "poor Boers" were constantly in the mouth of the multitude, the utterances of the leaders, like those cited, make it clear that the clashing of German colonial ambitions and Anglo-Saxon interests, not German sympathy with the Boers, was at the bottom of the anti-British propaganda.

For the practical politician it is not only of the greatest interest to be aware of the existence of an aggressive, powerful, and therefore dangerous current of political sentiment that pervades a neighbouring nation, such as the colonial movement in Germany,

with its aggressive anti-Anglo-Saxon tendency, but it is important also to be acquainted with the ways and means by which such a sentiment is likely to be translated into action. In attempting to make a forecast of what Germany is likely to do in order to acquire colonies, we must learn from her past, and we must, before all, take note of the fundamental differences between German and Anglo-Saxon policy.

Owing to the rule of democracy, Anglo-Saxon diplomacy works in the full glare of publicity, and cannot pursue a far-seeing, secret, or unscrupulous policy, but is forced to take short views and to act honestly; whilst German as well as Russian Cabinet policy is enabled to work with infinite patience and foresight, and in absolute secrecy, because it is unhampered by popular control. An example will illustrate this point. Between 1860 and 1863 an expedition, sent out by the Prussian Government, and accompanied by the celebrated geographer, Freiherr von Richthofen, explored China, Japan, and Siam. After the most painstaking investigation of the Chinese coast and mainland, Freiherr von Richthofen came to the conclusion that Kiau-chow was in every respect by far the most valuable harbour of China, and when, in 1897, more than thirty years after his survey, two German missionaries were murdered in China, Germany immediately occupied Kiau-chow, which port was certainly not selected by coincidence.

Besides remembering the powerful and aggressive colonial ambitions of Germany, and the foresight, tenacity, patience, and secrecy of German diplomacy, we should also bear in mind the boldness and the startling rapidity of her military action as shown in 1866 and 1870. Furthermore, in order to under-

stand in what way German colonial ambitions may affect her policy in the future, we should study the effect of Germany's colonial ambitions upon her foreign policy during the last few years.

On the 5th May 1898, a few days after the outbreak of the Spanish-American War, *Die Grenzboten*, the most influential political weekly, which is frequently inspired by the Government, wrote, probably not without official sanction :—

"The number of Germans in the United States amounts to nearly twenty millions, but many of them have lost their native language or their German names. Nevertheless, German blood flows in their veins, and it is only required to gather them together under their former nationality in order to bring them back into the lap of their mother Germania. The German volunteers will, of course, have to pay the heaviest blood tax in the war, as they alone form the warlike element of the army. The promiscuous mob of Englishmen, half-breeds, Irish, and negroes, is too incoherent and too unmilitary to show any soldierly qualities. Nevertheless, Germanism has to take a back seat in the army, and generals' positions are almost exclusively in the hands of Englishmen.

"We have to consider that more than three million Germans live as foreigners in the United States, who are not personally interested in that country. A skilful German national policy should be able to manipulate that German multitude against the shameless war speculators."

Had the issue of the Spanish-American War been unfavourable to the United States, or had the attempt at forming an anti-American coalition succeeded, the "skilful manipulation" from Berlin of the German vote "against the shameless war speculators," might have been possible, and might have borne much fruit to German diplomacy. Germany's miscalculation as to the issue of the war, and as to the strength and leanings of the German-Americans, seems to have

caused great disappointment in Berlin. This disappointment appears to have been responsible for the reckless provocation which Admiral Dewey received from Admiral Diedrichs before Manila, and which very likely would have resulted in hostilities between the American and German fleets, had it not been for the timely presence of the British squadron and the determined attitude of its admiral.

During the South African War the clashing of German colonial ambitions and Anglo-Saxon interests became particularly marked, because in Africa German colonial ambitions were clearly defined, and had become the ambitions of the nation and of the populace; in the Spanish-American War they were vague and hazy, and exclusively the ambitions of German diplomacy, for to the German masses the Spanish-American War had little significance. Already in 1884, at the beginning of her colonial career, Germany attempted to gain a footing in Santa Lucia Bay with an eye to the possibility of joining hands with the Boer republics close by, and of gaining, with their help, supremacy in Africa, but Bismarck's attempt was foiled by the incapacity of his son, who conducted the negotiations in London.

Undaunted by her first failure, Germany continued to believe that her best chance of acquiring settlement colonies lay in South Africa, and worked patiently and in silence for the attainment of her ambition. The Jameson Raid gave her a rude awakening; she feared the absorption of the Boer republics by Great Britain before either Germany or the Boers were ready to co-operate. In his anxiety to maintain his hold upon South Africa, the German Emperor sent his celebrated telegram to Mr. Kruger, thus prematurely revealing Germany's innermost ambitions

with regard to South Africa. The existence of these ambitions was still further proved by Baron Marschall von Bieberstein's official declaration that "the continued independence of the Boer republics was a German interest."

By the Emperor's impetuousness, Germany's ultimate aims regarding South Africa were clearly disclosed to Great Britain, a mistake which Bismarck would never have committed, and the Kruger telegram and the attitude of the semi-official press left the German nation with the erroneous impression that the British Government had been behind Jameson, and that the Emperor's veto had, once and for all, put an end to the aggressive plans of Great Britain. Thus misled, it was not unnatural that the Germans believed themselves to be the masters of the situation in South Africa, and that the German press constantly advocated the expulsion of Great Britain from that country. For instance, on the 4th July 1895, a few months after the Jameson Raid, *Die Grenzboten* wrote :—

"For us the Boer States, with the coasts that are their due, signify a great possibility. Their absorption into the British Empire would mean the blocking up of our last road towards an independent agricultural colony in a temperate clime. Will England obstruct our path ? If Germany shows determination, Never ! "

After surveying the globe, official Germany had evidently come to the conclusion that South Africa would be an ideal colony for her, more desirable even than South Brazil, and that the most natural way to acquire it would be to wrest it out of British hands with the help of the Boers. *Die Grenzboten* wrote on the 15th April 1897 :—

"The possession of South Africa offers greater advantages in every respect than the possession of Southern Brazil. If we look at the map our German colonies look very good positions for attack."

In a similar strain the *Koloniales Jahrbuch* for 1897 wrote :—

"The importance of South Africa as a land which can receive an unlimited number of white immigrants must rouse us to the greatest exertions, in order to secure there supremacy to the Teuton race. The greater part of the population of South Africa is of Low German descent. We must constantly lay stress upon the Low German origin of the Boers, and we must, before all, stimulate their hatred against Anglo-Saxondom. . . . No doubt the Boers will, with characteristically German tenacity, retake their former possessions from the English by combining slimness with force. In this attempt they can count upon the assistance of the German brother nation."

These quotations contain an unmistakable programme and a very interesting forecast.

As the idea that Germany was the heir-presumptive to South Africa was constantly discussed in the German press, that idea sank deeper and deeper into the German mind, and the succession to her inheritance soon became, with the masses, an impending event to be looked forward to. It was only a question of time when that event would come to pass. In German eyes South Africa had become indispensable to Germany, it was already half-way reckoned as a national asset by the masses, and in innumerable lectures, books, and articles, its resources and possibilities were discussed.

Whilst despatches regarding the suzerainty of the Transvaal were being exchanged between Great Britain and that country, the leading organs of the German press continued preaching the expulsion of the British from South Africa, an action calculated to strengthen

the resistance of the Boers against British demands, and to make them look to Germany for protection. On the 16th June 1898, when war between the Transvaal and Great Britain seemed unavoidable, *Die Grenzboten* wrote :—

"The existence of the Boer States makes it, perhaps, possible to regain the lost colony, including Delagoa Bay. Here in the north of Cape Colony a well-considered German policy must be pursued, and the Emperor's telegram to Kruger has already demonstrated our firm will to return the Gladstonian 'hands off' to the English. The possession of the natural harbour of Delagoa Bay is a vital condition for the Low German States in South Africa. Without Low Germanism in South Africa our colonies are worth nothing as settlements. Our future is founded upon the victory of Low Germanism, and upon the expulsion of the English from South Africa, where, even in Cape Colony, they are still in the minority. The prosperity of our South African colonies, which singly are worth as little as Cameroon and Togo, depends upon the possibility of connecting those two colonies, whereby England will be confined to the south, and the dream of a great British colonial empire from the Cape to Cairo will vanish."

If we look at the South African question from the German point of view, and remember how German diplomacy had plotted and laboured for the acquisition of South Africa for fifteen years and more, how the telegram and the speeches of William II. and the attitude and propaganda of the German press had created the universal belief in Germany that Great Britain could not move in South Africa without Germany's consent, and that Germany's influence there was becoming paramount, we can understand with what dismay and exasperation the outbreak of the South African War and the prospect of seeing the Boer States absorbed by Great Britain was greeted by the German people.

The disappointment felt in German official circles was no less keen, and, not unnaturally, the question suggested itself whether Great Britain's progress in South Africa might not be stopped by force. Remembering her failure to form a coalition against Great Britain in 1895, and against the United States in 1898, Germany found herself isolated and unable to save South Africa for herself. The large naval programme of 1898, providing for seventeen battleships, &c., coincided with the Spanish-American War. Similarly, the outbreak of the South African War coincided with the German Navy Bill of 1900, providing for a further huge increase. Smarting under the sense of her impotence to act single-handed against Great Britain, the Navy Bill of 1900 was brought forward, which was to provide a fleet of such strength that, according to the preamble of the Bill, "a war against the mightiest naval power would involve risks threatening the supremacy of that power." That fleet was to cost about £100,000,000, and will probably cost considerably more. In spite of that staggering amount, the Navy Bill was rapidly passed, for its object to destroy the power of Great Britain was greeted with delight by the nation, and with hysterical jubilation by the masses. At last Great Britain was to be brought to her knees.

It has been asserted in this country that the powerful Social Democratic Party might prove an effective obstacle to the execution of Germany's colonial ambitions, because that party disapproved of the Navy Bill and voted against it. However, though the representatives of Labour objected to the Navy Bill, they objected neither to the prospective humiliation of Great Britain nor to the acquisition of foreign markets by conquest. The following lines

from the *Sozialistische Monatshefte* for December 1899 faithfully depict the opinion of the German Labour Party :—

"That Germany be armed to the teeth, possessing a strong fleet, is of the utmost importance to the working men. What damages our exports damages them also, and working men have the most pressing interest in securing prosperity for our export trade, be it even by force of arms. Owing to her development, Germany may perhaps be obliged to maintain her position sword in hand. Only he who is under the protection of his guns can dominate the markets, and in the fight for markets German working men may come before the alternative either of perishing or of forcing their entrance into markets sword in hand."

From this and many similar manifestations it is clear that no effective opposition against Germany's colonial ambitions can be expected to come from the ranks of the Social Democratic Party.

In due course the German Government discovered the danger of its somewhat too openly anti-British policy, and, too late in the day, appeared official declarations that that huge new fleet was required for the defence of the German coast against Continental Powers. However, some of the foremost German soldiers and sailors had already laid down the maxim that Germany does not require a strong fleet for a Continental war, and had given proof for that assertion. Consequently, the argument of the Government, that the huge new fleet was to be for the defence of the coast, does not stand examination. Field-Marshal von Moltke, for instance, wrote in his memorandum of 1884 : "Naval battles alone rarely decide the fate of States, and, as far as can be foreseen, the decision of every war in which Germany may be engaged lies with her army."

Owing to the peculiar formation of the German coast her harbours are hardly assailable. The former Commander-in-Chief of the navy, Admiral von Stosch, wrote in his memorandum of 1888: "The North Sea harbours defend themselves. If the buoys are removed from the endless sandbanks, which change their shape from year to year, even the most expert pilots would not dare to take a ship through the tortuous channels"; and Secretary of State Admiral Hollmann said, as late as March 1897, before the Committee of Ways and Means: "We require no navy for coast defence; our coasts defend themselves." It seems hardly likely that, in the three years elapsing between Admiral Hollmann's statement and the appearance of the Navy Bill of 1900, Germany's military position towards her neighbours or the formation of her coasts should have so materially altered as to controvert the well-considered views of her foremost military and naval advisers.

From the foregoing it should be sufficiently clear that Germany's new fleet has been created for the purpose of fighting Great Britain or the United States, or both nations, in the pursuit of colonies and of commerce. It remains now to consider her plans of attack on this country.

The German Generalstab as well as the Admiralstab keep their secrets well, and it would be idle to retail officers' gossip with regard to the aggressive plans of official Germany. However, a fair indication of the spirit and the intentions existing among the highest German officers may be found in a remarkable article contributed to the *Deutsche Rundschau* of March 1900, by General C. von der Goltz, an article which is all the more remarkable when we consider that General von der Goltz is on active service. It

should be added that General von der Goltz is the reorganiser of the Turkish Army, and one of the most talented and most promising of German officers. He says :—

". . . . We must contradict the opinion, which has so frequently been expressed, that a war between Germany and Great Britain is impossible. Great Britain is forced to distribute her fleets over many seas in peace as well as in war, and her home squadron is surprisingly weak in comparison with her fleets in the Mediterranean and in India, the Far East, Australia, the Red Sea, South Africa, the West Indies, and the Pacific. In that necessary distribution of her strength lies Great Britain's weakness. Germany is in a better position. Her navy is small, but it can be kept together in Europe. Our colonies want no protection, for a victory in Europe would give us our colonies back at the conclusion of peace. With Great Britain matters are different. If India, Australia, or Canada should be lost in a war, they would remain lost for ever. . . .

". . . For the moment our fleet has only one-fifth the fighting value of the British fleet, and Great Britain's superiority over us is striking, but when the projected increase of our fleet has been effected, the outlook for us will be bright. The British home squadron, with which we should have to deal, amounts to 43 battleships and 35 large cruisers. Even if that fleet should be increased in the future, it would no longer be an irresistible opponent to us. Numbers decide as little on the sea as they do on land ; numerical inferiority can be compensated for by greater efficiency. . . .

" As places are not wanting where England's defences are weak, it would be a mistake to consider a landing in England as a chimera. The distance is short enough if an admiral of daring succeeds in securing supremacy on the sea for a short time . . . .

" The material basis of our power is large enough to make it possible for us to destroy the present superiority of Great Britain, but Germany must prepare beforehand for what is to come, and must arm in time. Germany has arrived at one of the most critical moments in her history, and her fleet is too weak to fulfil the task for which it is intended. We must arm ourselves in time, with all our might, and pre-

pare ourselves for what is to come, without losing a day, for it is not possible to improvise victories on the sea, where the excellence of the material and the greatest skill in handling it are of supreme importance."

The existence of views identical with those of General von der Goltz in the highest military circles in Germany may also have dictated the visits of the German fleet to the Irish Channel and the appearance of a "Handbook of the South Coast of Ireland and the British Channel," published in 1901 by the Imperial Seewarte, and of a short "English Military Interpreter" published in the same year by the School of Artillery and Engineering.

Germany's policy is far-sighted, and German statesmen are as well aware of Germany's lack of naval harbours as are her admirals. Germany possesses practically only two naval bases, Kiel on the Baltic, and Wilhelmshafen on the North Sea. The harbour of Kiel is an immense natural basin which could receive all the fleets of the world; Wilhelmshafen is a very small harbour which has been dug out of the mainland with infinite trouble and expense. Besides being already far too small, Wilhelmshafen suffers under the additional disadvantage that it gets ice-locked in winter, and that, at low tide, entrance for large ships is not practicable. However, in spite of all these grave defects of Wilhelmshafen, not Kiel but Wilhelmshafen is the chief naval base of Germany, because of its more favourable position for striking westward.

In commencing the construction of her enormous new fleet, the problem of finding a harbour advantageously situated for an attack upon Great Britain became an urgent one for Germany, and, lacking an adequate natural harbour in the North Sea, she

turned her attention to Holland, which abounds in excellent harbours, well situated for Germany's aggressive purposes. From Wilhelmshafen a German squadron would take about thirty hours' steaming to cross to England; from the Dutch harbours it could cross in about eight hours, and the danger of failure in a raid upon England, arising from delay caused by a fog in the Channel, or by insufficient accommodation at the base for ships, would be reduced to a minimum.

When it was recognised of what enormous value Holland might be to Germany in a war with Great Britain, official and semi-official attempts without number were made in order to entice or to coerce her into a closer union with Germany. Although full details of these attempts are given in Chapter IV., an abstract from a series of unsigned articles, which appeared in *Die Grenzboten* during July and August 1901, entitled "Holland and Germany," whose carefully thought-out and picturesque diction bears a striking resemblance to the well-known style of the German Chancellor von Bülow, might perhaps here be repeated. The writer speaks with the authority of one who possesses an inside view in politics, and it can hardly be doubted that that series directly emanated from the Wilhelmstrasse. The contents of these interesting articles may be summed up in the following way :—

"Holland's wealth is chiefly derived from the German transit trade. That trade can be diverted by the new Dortmund-Ems canal, which will give to the Rhine an outlet at Emden. That port, which lies on the Dutch frontier, has so far been neglected, but is being equipped in order to make it an efficient competitor of Rotterdam. If she chooses, Germany can cripple Dutch commerce and bring Holland on her knees by diverting the Dutch transit trade and by

imposing hostile tariffs. Consequently Holland is economically dependent upon Germany, and Holland's economic incorporation with Germany in one form or the other is for Holland an unavoidable necessity.

"Politically, Holland is threatened by other nations. Her guaranteed neutrality is no more than a shred of paper, which would prove worthless in war. Spain has been brutally crushed by the United States; Portugal hangs like a fly in the spider's net of England, a prey to her monopolistic mercantile system. The Dutch will not share the fate of the Boers, but, if they are not careful, they may be caught in British snares. 'From all these dangers incorporation with Germany is the only salvation. The movement of naval expansion in Germany will not end until a German navy floats on the sea that can compete with the fleet of Great Britain. Equally strong on sea and on land, the world may choose our friendship or our enmity. The strong may take their choice, but Holland will do well to stand by us in friendship, not so much for our sake as for her own existence.'"

When we consider the spirit of irreconcilable hostility against Anglo-Saxondom that pervades the countless expansionist manifestations in Germany, emanating from official and semi-official quarters, from professorial and mercantile circles, from the clergy and the proletariat, we cannot help being struck by the unanimity of hatred and by the unflinching determination of Germany to erect a German world empire upon the ruins of Anglo-Saxondom. Nowhere is the celebrated word of Sir Walter Raleigh, "Whosoever commands the sea commands the trade; whosoever commands the trade commands the riches of the world, and consequently the world itself," more frequently quoted and more thoroughly appreciated than in Germany, and something of Sir Walter Raleigh's daring spirit of conquest seems to stir the German masses and animate their rulers. History alone will show whether the parallel will end here, or whether Germany is destined to take the place which

England took in Sir Walter Raleigh's time, and to succeed by force of arms in becoming a world Power at the cost of Great Britain and the United States in the same way in which, three centuries ago, England, by her naval superiority, succeeded in building up her greatness on the ruins of the then leading commercial and colonial Powers, Spain and Holland.

Germany has become great by the sword, but present-day Germany, though she would like to walk in the steps of her greatest rulers, Frederick II. and Bismarck, disdains the advice of those most successful expansionists. Frederick the Great's counsel, "Secrecy is the soul of foreign politics," is as little heeded by Germany's present rulers as Bismarck's recommendation, "Not to meddle in the affairs of foreign States unless one has also the power to accomplish one's intentions." By the impetuousness of her present rulers Germany's plans have been prematurely and unmistakably revealed to the world, and if the Anglo-Saxon nations should be so blind as not to take the measures necessary to frustrate those plans, of which they have received such ample and such long-dated warning, they will have fully deserved the fate of Spain and Holland.

CHAPTER VII

THE RELATIONS BETWEEN GERMANY AND FRANCE

On September 1st and 2nd, 1870, thirty-seven years ago, the great tragedy of Sedan was enacted, and, after a series of defeats, which stand unparalleled in the world's history, France emerged from the ordeal of the "Terrible Year," crushed, humiliated, reduced and impoverished—the very shadow of her former self. Since then, France has played a very inconspicuous *rôle* on the stage of Europe, and from the very reserve which, in matters political, France has imposed on herself since then, it has been assumed that she has almost forgotten her defeat, that she has become reconciled to the loss of Alsace-Lorraine, that she has definitely abdicated her historic position in Europe, that she is willing to play henceforth a secondary part in the world, and that all her energy and all her genius are now exclusively bent upon developing the material well-being of the nation and the Republican institutions of the country. France has come to be considered as a parochial concern.

So strongly was it assumed that *le feu sacré de la revanche* had died down that official and semi-official Germany thought the time had come for Franco-German co-operation. Guided by the German Emperor, official and semi-official Germany bestowed graceful compliments upon distinguished Frenchmen ate very opportunity. French and German ships were

seen side by side in Kiel harbour at the occasion of the opening of the Baltic and North Sea Canal; in the Far East, Russian, French, and German ships conjointly demonstrated the Japanese out of Port Arthur, and M. E. Lockroy, France's ablest Minister of Marine, was allowed to minutely inspect the German Navy and the German Navy yards. France had, apparently, forgotten her defeats, the time for reconciliation seemed to have arrived, and German writers began strongly to advocate a Franco-German political alliance, and a Central-European Customs Union.

Lately, however, Franco-German relations have become somewhat overclouded. When, through the instrumentality of M. Delcassé, France settled her differences with Great Britain, Italy, and Spain, and made a somewhat hesitating attempt to have again a policy of her own, the German Emperor intervened and forbade the execution of the Morocco bargain, which had already been concluded between France and those Powers which, through their geographical position, may claim an exclusive interest in Moroccan affairs. How serious and threatening the Morocco incident was is apparent from the steps towards the mobilisation of her Army which were taken by Germany at the time. As the German exports to Morocco amount, on an average, to a paltry £75,000 per annum, it is clear that the defence of Germany's commercial interest in Morocco was merely a pretext for Germany's action in supporting Morocco against Great Britain, France, and Spain. Her aim in creating the Moroccan incident was not to foster Germany's exports to Morocco, but to detach France from Great Britain, and to attach her to Germany.

Hitherto, German policy has been marvellously successful. Will German diplomacy also succeed in

reconciling France and in making her Germany's ally ? If a Franco-German alliance or a Franco-Russo-German alliance should eventually be concluded, against which Power would such an alliance be directed ? These are questions which, at the present moment, are of supreme interest to all nations, for the future of France depends on France's decision.

In order to gauge how the relations between France and Germany are likely to develop, we must investigate the position, the political aims, the interests and the traditional policy of the two countries. Let us first look at Franco-German relations, from the French point of view.

French policy, although apparently most erratic and unstable of purpose, has, through centuries, constantly pursued the same aim. During centuries, France has fought for the preservation of the Balance of Power in Europe and for the possession of the Rhine frontier. To obtain these ends, France has successively made war against the strongest Continental States which threatened to enslave the Continent and ultimately to engulf France herself. From the time, 370 years ago, when she opposed Charles V., the mightiest monarch of Christendom, who ruled over Austria, Germany, the Netherlands, and Spain, down to the present time, France has been the champion of liberty on the Continent of Europe. When Charles V. ruled almost the whole Continent, Christian France allied herself with Turkey, the abhorred Infidel Power, who was considered to stand outside the pale of the *comitas gentium*, rightly thinking self-preservation the first law of political ethics and the first duty to herself. History repeats itself. When Germany had crushed France and when Bismarck had succeeded in raising all the Powers of Western

Europe against France and in isolating her, France turned to Russia for support, notwithstanding the incompatible differences existing between the Western Republic and the Eastern autocracy, differences which make truly cordial relations impossible between them.

During four centuries, France and Germany have fought one another for supremacy in Europe, and as long as Austria was the strongest State in Germany, France supported Austria's German enemies against her. Thus it was that France, up to 1866, encouraged Prussia to aggrandise herself at Austria's cost, and that Bismarck, in crushing Austria, received Napoleon's sympathy and support.

Since Bismarck's advent to power, or during more than forty years, France has been the dupe of Prusso-Germany's policy. Napoleon III. received no gratitude for supporting Prussia against Austria. On the contrary, even at the time when Napoleon was doing a priceless service to Bismarck by supporting Prussia against Austria, Bismarck contemplated ruining France, and building up Germany's unity on the ruins of France. A fortnight before the outbreak of the Austro-Prussian War of 1866, when Austro-Prussian relations were already strained to breaking-point, Bismarck sent General Von Gabelenz, who then was in Berlin, to the Austrian Emperor in Vienna, and proposed, through the General, to the Emperor that even at the eleventh hour peace might be preserved among the Germanic nations by making a common onslaught on France, conquering Alsace, and creating a Greater Germany at the end of a victorious campaign. Thus, the Prusso-Austrian differences were to be settled at the cost of France at the very moment when France was lending Bismarck her support in his anti-Austrian policy. Only through Austria's hesita-

tion to follow Bismarck's lead was France saved from destruction in 1866, but she became the victim of Bismarck's machinations but four years later.

In order to keep France in good humour during the Austro-Prussian War, Bismarck verbally promised France the Rhine as a reward for her support, but when France wished to have this promise given in writing, Bismarck skilfully drew out negotiations and delayed and procrastinated during the critical period of the war, until the decisive victory gained by the Prussians at Königgrätz had made France's support against Austria superfluous and had brought peace in sight. Before the conclusion of peace, France, who began to fear that Bismarck was playing false to her, pressed for the territorial compensation which Bismarck had held in view before the war, but her demands were met with derision, and the intimation that, in case of need, Bismarck would not hesitate to make peace at any price with Austria, and induce her to march together with Prussia against France. In that case Austria and Prussia would aggrandise themselves at the expense of France. As a considerable part of the French army was fighting in Mexico at that time, Napoleon was unable to prevent the undue strengthening of Prussia, and it became clear that the historic struggle for supremacy between France and Germany would soon have to be renewed.

Since 1866 Bismarck skilfully increased the bitterness which France, after having been deceived by Bismarck, naturally felt for Prussia, partly by inflicting a number of humiliations upon French diplomacy in the Luxemburg question, the Belgian question, &c., partly by rousing the discontent of the excitable French masses against Prussia. The convenience of Bismarck's policy required a Franco-German war,

for only the enthusiasm created by such a war, which was likely to be immensely popular in Germany, where the remembrance of the first Napoleon was still kept green, could make the unification of Germany possible. Since 1866, a Franco-Prussian war had become unavoidable, but French diplomacy was unskilful enough to walk into the Spanish trap which Bismarck skilfully had baited, and declared war against Prussia upon a pretext which, in the eyes of the world, put France in the wrong. The mistake of France's diplomacy was Bismarck's opportunity. On the ruins of France and in accordance with Bismarck's programme a united Germany was founded, whose main object it was proclaimed to be to resist for all time the wanton aggression of Germany's hereditary enemy. Thus the unity of Germany was cemented with French blood, and Thiers spoke truly when he said to Bismarck at Versailles, " C'est nous qui avons fait l'union de l'Allemagne."

It is often said that the war of 1870–71 has been forgotten, and that France no longer bears Germany any ill-will; but it seems doubtful whether this is the case, for the ill-effect of that war has been much greater to France than is generally known. It appears that almost 700,000 lives were lost to France, partly through the war, partly through the subsequent outbreak of the Commune, and the loss of French capital occasioned by the war must be estimated at about £800,000,000. In Alsace-Lorraine France lost a stretch of territory which is about three times larger than the county of Lancashire, and which, by its highly-developed industries, might have been called the Lancashire of France. If we look at the population returns of France for 1866 and 1872, we find that during that period the population of France decreased

by 1,964,173, and if we add to that figure the average yearly increase of the French population during the six years between 1866 and 1872, we arrive at the result that the war and the loss of Alsace-Lorraine combined must have caused the loss of about 2,800,000 people to France.

By now France has, no doubt, recovered from the enormous monetary losses which the war caused. Nevertheless, the war has left indelible traces upon the country. The enormous wastage of national capital and the enormously increased National Debt of the country, together with the necessity for France to recreate her army on the largest scale, and to maintain it, notwithstanding her shrunken resources in men and money, has made necessary a most oppressive taxation, which can be met only by the exercise of the most rigid economy on the part of all individual tax-payers. Hence the Franco-German War seems to have led to a falling-off in the birth-rate of France, which was much smaller after the war than it had been before, and it cannot be doubted that the stationariness of the population of France is greatly, and perhaps chiefly, caused by the after-effects of that unfortunate war.

In view of the fact that the Franco-German War has inflicted three decades of suffering upon all French families, it can hardly be expected that the masses of the French nation have become the friends and well-wishers of Germany. The small *rentiers* of France and the thrifty peasants, with all their love of peace and quiet, know quite well that taxation in France will remain high as long as France is compelled to maintain her enormous army. Nevertheless, they are determined not to expose themselves to the possibility of another disastrous defeat. Hence the high

taxation is borne without grumbling in the silent hope that a time may arrive when, in consequence of the weakening of France's eastern neighbour, France may again be able to lighten her oppressive armour.

The German newspapers speak the truth when they assert that the old spirit of *revanche* has died out in France. *Revanche* is not a policy but a sentiment, and France has learned, to her cost, how dangerous it is to be led by sentiment in matters political. It is, therefore, not so much the aim of French policy to endeavour to weaken Germany as it is to strengthen France. France wishes to live in peace and security with all her neighbours, Germany included, but at the same time she wishes to be strong enough to be able to hold her own in the world. All policy is, after all, based on force, and no policy can be successful which is not backed by sufficient military and naval strength. Therefore, France has endeavoured to create and to maintain an army sufficiently strong to meet that of Germany, but she finds her task from year to year more difficult, owing to the increasing discrepancy between the population of France and that of Germany, which is apparent from the following table :—

	Population of Germany.	Population of France.
1872	41,230,000	36,103,000
1876	43,059,000	36,906,000
1881	45,428,000	37,672,000
1886	47,134,000	38,219,000
1891	49,762,000	38,343,000
1896	52,753,000	38,518,000
1901	56,862,000	38,962,000
1907 (estimated) .	62,000,000	39,400,000

From the foregoing figures it appears that, in 1870, France and Germany were about equally populous,

but that now the population of Germany is more than fifty per cent. larger than is that of France. Notwithstanding her great numerical inferiority, France has, until now, succeeded in maintaining an army as large as is that of Germany, but if the German population continues to increase at the present rate, the time will not be far distant when France will no longer be able to rival Germany in the number of her soldiers, and then France will automatically sink to a secondary rank among the Great Powers of Europe. Time is fighting on Germany's side, and therefore it is to the interest of Germany to maintain peace with France as long as possible, whilst it is to the interest of France to utilise the earliest opportunity that may offer for crushing Germany. Even the most peaceful Frenchmen who have, personally, the best dispositions towards Germany are bound to work for Germany's downfall.

If France should succeed in defeating Germany, she will certainly claim Alsace-Lorraine, but she would probably demand all German territory up to the Rhine, for reasons which will be shown later on. On the territory between the present Franco-German frontier and the Rhine 7,000,000 inhabitants are living, who would be greatly welcome in France, and who would, to some extent, improve her unfavourable population figures.

France has fought for centuries for the possession of the Rhine; which the French consider the natural political frontier of their country, and it must be admitted that, from the French point of view, the possession of the Rhine is indispensable for the security of the country.

Every nation strives to secure itself against invasion by obtaining strong natural defensive boundaries.

The sea, the Pyrenees and the Alps protect France nearly from all sides. In the sea-shores and the high mountain chains surrounding her, France has found her natural frontiers long ago. Only her north-east frontier is an open one, and has been an open one for centuries, and, consequently, France has always striven, and will continue to strive to make the Rhine her protection against Germany. Besides, France has a historical claim to the Rhine. We read already in Tacitus, "Germania a Gallis Rheno separatur," and Cæsar also mentions that Gaul extends from the Rhine to the ocean.

A glance at the map shows why the possession of the Rhine is now more than ever an absolute necessity to France. In Continental warfare, the main object of an invading army is the capital, which, owing to the great centralisation of the political and economic administration, is at the same time the heart and the head of the body politic. By the exposed and insecure position of her capital, France is most unfortunately situated compared with Germany. Whilst Berlin lies 400 miles from the Franco-German frontier, only 170 miles separate Paris from Metz. Besides, Berlin is protected against an invasion from the west by a triple line of exceedingly strong natural defences. A French army advancing upon Berlin would have to cross three huge, swift-flowing rivers, the Rhine, the Weser, and the Elbe, which lie at right angles with its line of march, and between these three broad and deep streams numerous large mountain chains, which afford splendid opportunities for defence, are found. Germany's main defensive frontier towards France is not formed by her fortresses in Alsace-Lorraine, but by the Rhine and by a dozen powerful fortresses on that river, which extend from the Isteiner Klotz

opposite Basle down to Wesel on the Dutch frontier, and the towns on the Rhine are so strongly fortified that it seems almost impossible for an army to cross it in the face of a determined opposition.

Whilst Berlin lies far away from the French frontier and is splendidly protected against an invasion from the west, Paris lies but eight days' march from an open frontier which is almost completely devoid of natural obstacles. The small, easily-fordable Meuse is the only stream between Metz and Paris, and no great mountain chains, which could stop an invader, are found between Paris and the German frontier. Paris is, indeed, within easy reach of the German army.

Not satisfied with her triple line of defences against France, Germany has made Alsace-Lorraine enormously strong for defence, and has converted it into an advanced work in front of the Rhine frontier. At the same time, Alsace-Lorraine has been turned into an ideal starting-point for an attack against France. Germany has prepared, throughout Alsace-Lorraine, permanent defensive positions of the greatest strength at all points where a battle is likely to occur. Besides, the fortresses of Alsace-Lorraine have lately been enormously strengthened. Metz, for instance, has been surrounded with forts which lie eight miles from the town, and these defences have been joined with the fortifications on the Gentringer Höhe, near Diedenhofen, through the inclusion of which the fortress of Metz now practically extends over twenty-five miles of country, and is, therefore, almost unbesiegable.

The offensive strength of Alsace-Lorraine lies in its excellent railway net. Whilst seven railway lines run from Alsace-Lorraine into France, eight or nine purely strategical lines run towards France and

abruptly end near the French frontier. Furthermore, enormous sidings and huge open-air stations, which are solely meant for use in time of war, have been constructed, and thus Germany is able to unload in the minimum of time a huge army in any part of the country close to the French boundaries. It is estimated that Germany is able to detrain 150,000 to 200,000 men per day between Metz and Strasburg.

France being deprived of a natural frontier facing Germany, and even of natural obstacles between her north-eastern frontier and Paris, has constructed a line of forts along the 200 miles of her frontier. These forts lie, on an average, about five miles apart and form a continuous line. Only two gaps, the Trouée de la Meuse, between the Belgian frontier and Verdun, which is twenty miles wide, and the Trouée de la Moselle, between Toul and Epinal, which is thirty miles wide, are left open, and in these openings the French armies are to be assembled at the outbreak of war.

The weak artificial screen of forts facing Germany is the sole obstacle which an invader meets in advancing upon Paris. As soon as he has passed the line of forts, Paris is in his grasp. It is therefore clear that the north-eastern frontier of France is a most unsatisfactory one, and all French patriots must desire to obtain again a strong natural defensive frontier, further away from Paris. Even the most peaceful boulevardiers in Paris must have that desire. From the foregoing it is clear that the wish of all thoughtful Frenchmen to obtain again the Rhine frontier is not a sentimental, but a purely logical one, and the weaker France is as compared with Germany, the greater is her need for a strong frontier such as that which is formed by the Rhine.

It is therefore only natural that all patriotic Frenchmen must strive to regain Alsace-Lorraine, and, if possible, the Rhine. To acquiesce in France's present mutilation, to make peace with Germany and to allow France gradually to become a Power of secondary rank, would mean national extinction. Great Britain, Austria-Hungary, Italy, Spain possess powerful natural defensive frontiers, which protect them against their mightiest neighbours. France, if she accepts her present position as final, will sink to the level of Spain without, however, possessing a strong frontier such as Spain possesses, and in course of time she will become a second Belgium.

Whilst patriotic Frenchmen cannot possibly contemplate with satisfaction the present position of France, Germany has every reason to be gratified with the *status quo*, and to wish that, by the natural development of things, France should gradually and peacefully sink to the second, or even to the third, rank among the nations of the world.

No nation desires to have a strong neighbour, least of all a nation which wishes to expand at the cost of other nations. Between 1870 and 1905 the population of Germany has grown from 40,000,000 to 60,000,000. Professor Schmoller estimates that the German population will amount to 104,000,000 in 1965, Professor Hübbe-Schleiden is of opinion that it will come to 150,000,000 in 1980, and M. Leroy-Beaulieu thinks that the Germans will number more than 200,000,000 within a century.

Germany will hardly be able to feed and clothe her rapidly growing population much longer within her present boundaries, and, as she is loth to strengthen foreign nations with her surplus population, she wishes to have her elbows free in order to be able

to expand. Expansion by peaceful means, whether it be within or without Europe, seems out of the question. Hence, it is Germany's interest to weaken beforehand her potential enemies; and France is considered by Germany as a potential enemy, who waits only for a favourable opportunity to attack Germany. On this point, Bismarck said in the Reichstag, on the 11th of January 1887:

"Has there ever been a French minority which could venture publicly and unconditionally to say, We renounce regaining Alsace-Lorraine. We shall not make war for Alsace-Lorraine, and we accept the Peace of Frankfort in the same spirit in which we accepted the Peace of Paris in 1815? Is there a ministry in Paris which would have the courage to make such a declaration? Why is there no such ministry? For the French have hitherto not lacked courage. No such ministry exists, because such a policy is opposed to public sentiment in France. France is like an engine which is filled with steam up to the point of explosion, and a spark, a clumsy movement of the hand, may suffice to cause an explosion, to bring on war. However, the fire is so carefully tended and nursed that it seems at first sight not likely that it will ever be used for causing a conflagration in the neighbouring country.

"If you study French history, you will find that the most important decisions have been taken in France not by the will of the people but by the will of an energetic minority. Those people in France who contemplate war with Germany, at present only prepare everything in order to be able to commence such a war with the maximum of force. Their task is to keep alive *le feu sacré de la revanche*, a task which Gambetta defined in the motto: 'Ne parlez jamais

de la guerre, mais pensez-y toujours,' and that is to-day still the attitude of France. French people do not speak of the possibility of an aggressive war against Germany, but only of the fear of being attacked by Germany.

"France will probably attack us as soon as she has reason to think that she is stronger than we are. As soon as France believes that she can defeat Germany, war with Germany is, I think, a certainty. The conviction that France is stronger than Germany may arise from the alliances which France may be able to conclude. I do not believe that such alliances will be concluded by France, and it is the task of German diplomacy either to prevent the conclusion of such alliances, or to counterbalance such alliances with counter-alliances."

It was Bismarck's conviction that France would seek revenge for her defeat, and therefore he endeavoured to ruin France by the severe conditions of peace. Although the Franco-German War has cost Germany only about £60,000,000, he exacted almost £250,000,000 from France, and was greatly disappointed that France so easily paid that sum and recovered so rapidly. Fearing France's revenge, Germany contemplated already, in 1875, an attack upon France, and in February of that year Herr von Radowitz was sent to Russia to sound the Czar and to find out whether Russia would remain neutral in the event of the struggle between France and Germany being renewed. Happily for France, Germany's design miscarried owing to the energetic opposition of Great Britain and Russia.

Finding himself foiled in his design to ruin France before she had recovered from her defeat, Bismarck strove to isolate France, being of opinion, as he said

in his Memoirs, that France would certainly aid Russia if a collision should take place between Russia and Germany. Therefore he wrote, on the 20th December 1872, to Count Arnim, the German Ambassador in Paris : " We do not want to be disturbed by France, but if France does not intend to keep the peace we must prevent her finding allies." With this object in view, Bismarck skilfully isolated France by bringing her into collision with Italy, Spain, and Great Britain ; and as long as Bismarck was in power the foreign policy of France was directed from Berlin, and France had not a friend, not a champion in the wide world. France was an outcast among nations.

Bismarck most carefully watched France's relations with foreign countries, and as soon as he thought that France was trying to pursue a policy of her own without consulting Berlin, and was endeavouring to improve her relations with a foreign country, he at once raised the spectre of war. In 1887, for instance, the Goblet Ministry was trying to settle the Egyptian Question, and thus to arrive at an understanding with Great Britain. However, before France was able to come to the desired arrangement, Bismarck used the ridiculous Schnäbele incident on the Franco-German frontier for a violent war-agitation, compared with which the recent Morocco incident was merely child's-play. France was almost frightened out of her wits. The contemplated arrangement with Great Britain was dropped, and on May 7th, 1887, M. Goblet said at Havre : " For fifteen years we have been asking the country each year for £40,000,000, and now, when the country has been smitten on the one cheek, we can only advise her to turn the other cheek to the smiter."

Soon after Bismarck had been dismissed by the

present Emperor, France succeeded in coming to some arrangement with Russia, the character and scope of which have remained secret; but although both Frenchmen and Russians have frequently been speaking of a Franco-Russian alliance, there is very good reason for believing that there exists no Franco-Russian alliance, but at the best a Franco-Russian military convention. Bismarck sceptically remarked, shortly before his death, "'Nations alliées' need by no means signify that there is an alliance, and words like these are sometimes only used for the sake of politeness." From what has since leaked out, it appears that Bismarck was right, and that there never was a Franco-Russian alliance, notwithstanding the numerous solemn assertions to the contrary.

The conclusion of the Franco-Russian "alliance" was taken very philosophically at Berlin, for such an event was considered to be inevitable in view of the friction which had taken place between Russia and Germany after the present Emperor had come to the throne. Therefore, German diplomacy concentrated its efforts upon keeping the Anglo-French differences alive, and tried to forestall France by previously coming to an understanding with this country.

At that time Germany's most valuable colonies, including Zanzibar, were exchanged against the then valueless rock of Heligoland, an exchange which was greeted with dismay by all Germans, for it was clearly recognised by them that that bargain was a very one-sided and a most unsatisfactory one for Germany. Even in Great Britain people shook their heads at this exchange, the advantage of which to Germany could not be seen. Nevertheless, from the German point of view this exchange was a most excellent bargain, for France had been forestalled by it. Von Caprivi,

the then Chancellor, did not even try to explain that Germany had received an adequate *quid pro quo* in giving up her best colonies, but he simply stated in the Reichstag, in defending the exchange: "We meant, before all, to maintain our good understanding with Great Britain."

It was Bismarck's policy not only to isolate France by embroiling her with all her neighbours and by discrediting her everywhere, but also to weaken her financial and military power by encouraging her to waste her military and financial strength in unprofitable colonial adventures in every quarter of the world. France went to West Africa and to Tonkin at Bismarck's bidding, and, imagining to create colonies, she founded vast military settlements which sap her strength. How greatly France is weakened by her possessions abroad may be seen from the fact that she has to maintain about 70,000 soldiers in her colonies.

If we review the policy which Germany has continually pursued towards France from 1871 down to the present day, we find that Germany has consistently and persistently endeavoured to weaken France in every possible way, and that she has succeeded in turning all her neighbours into enemies to her. Foreign ministers came and foreign ministers went in France in rapid succession, but, whether they liked it or not, all had to play Germany's game to the harm of their country. France was the abject tool of Germany and the laughing-stock of the world, until at last, nine years ago, M. Delcassé entered the French Foreign Office.

When M. Delcassé became Secretary of State for Foreign Affairs he found, with amazement, that the foreign policy of France was directed by Germany,

and that, at the bidding of German statesmen, France had obediently embroiled herself with Italy over Tunis, with Spain over various questions, and with Great Britain over Egypt. Notwithstanding the fact that it was his first task to settle the thankless Fashoda problem, M. Delcassé entered upon his duties with the firm determination to reconcile France with Italy and Spain, and especially with Great Britain, and no longer to oppose this country in Germany's interests. In the beginning of November 1898, a few days after Colonel Marchand had been ordered back from Fashoda, M. Delcassé said in his study to a friend of mine: "I mean not to leave this fauteuil without having re-established good relations with Great Britain." Such a declaration required considerable moral courage at a time when Great Britain and France stood on the brink of war.

When Germany saw that France was slipping away from German control, that France was trying to pursue a national policy, and that she succeeded in making friends with Great Britain, Italy, and Spain, she tried for a long time to regain control over the foreign policy of France by personal advances to individual Frenchmen, by flattering the vanity of France, by urging that the interests of France and Germany were identical, and by persistently extolling the benefits and the necessity of a Franco-German alliance as the best guarantee for maintaining peace in Europe. However, notwithstanding Germany's advances, M. Delcassé remained passive and almost indifferent, and observed a cautious reserve towards Germany. Nevertheless, Germany continued her advances until the battle of Mukden had shown that the Russian army was no longer a factor upon the support of which France could reckon in case she should be attacked by

Germany. Then, and then only, came the Morocco crisis and Germany's threat of war.

M. Delcassé has made many mistakes during his seven years' tenure of office. Still, he has deserved well of France, for he has led her into the path of independence after twenty-seven years of political dependence upon Germany.

As the German Press still recommends the conclusion of a Franco-German alliance for preserving peace in Europe, we may cast a glance at the true inwardness of that proposal. Germany is surrounded by weaker nations on every side, and she is threatened by none. So strong is Germany considered to be by her foremost military men, that the late Count Waldersee stated, a few years ago, at the officers' casino at Kaiserslautern, that Germany alone was strong enough to defeat, single-handed, France and Russia combined. Therefore Germany, who is backed by Austria-Hungary and Italy, need not seek a defensive alliance with France against any Continental nation or any Continental nations. The only nations against which a Franco-German alliance could possibly be directed would be England or the United States, and as neither England nor the United States is an aggressive nation, a Franco-German alliance could hardly bear a defensive character.

Recent history supplies the proof that a Franco-German alliance would not be a defensive alliance. At no time were Germany's advances to France more assiduous than when Germany was trying to raise a coalition against this country. At the outbreak of the Boer War the whole German Press entreated France to join hands with Germany and to assist in humbling Great Britain to the dust. On October 5th, 1899, three days after the mobilisation of the Boer

troops, an article appeared in *Die Grenzboten*, the leading journal of the semi-official press of Germany, in which it was said :

"All differences between France and Germany benefit only the nearly all-powerful Enemy of the World. As long as the French keep one eye fixed on Alsace-Lorraine, it is no good that they occasionally look at England with the other eye. Only when the strength of the German fleet is commensurate with her sea interest will the French seek our friendship, instead of being humiliated by their hereditary enemy."

In this and numerous other articles France was entreated to crush England, her hereditary enemy, joining a coalition of Continental Powers.

I was in Paris during the time of the Morocco crisis, when extreme nervousness had taken hold of many French politicians, journalists, and Stock Exchange operators. In the highest military circles, however, the possibility of an outbreak of war with Germany was contemplated with perfect confidence in the strength and excellence of the French army.

Clausewitz, the greatest military writer of modern times, has justly said : "He must be a good engineer who is able to gauge the value of a very complicated machine whilst it is at rest, for he must not only see that all parts are there, but he must also be able to analyse the state of each individual part when it will be in action. But which machine resembles in its many-sidedness and intricacy of construction the military power ? " It is, of course, a difficult matter to form an opinion of an army in time of peace. Still, the confidence of the French generals in their army seems by no means to be misplaced. In case of war, France can mobilise three million men and more. And the men are alert and willing ; they are well disciplined

and well trained, and their training is a thoroughly practical one. The first article of the *Réglement sur les Manœuvres de l'Infanterie* says: "La préparation à la guerre est le but unique de l'instruction des troupes," and that principle governs the training of the whole French army.

The equipment of the French army is, on the whole, very superior to that of the German army. The boots, clothes, knapsacks, cooking utensils, &c., of the men appear to be more practical and more serviceable than those of the German army; the French horses are distinctly superior to the average of the German horses; the rifles of both armies are about equally good; but the French field artillery is so vastly superior to the German artillery (the French gun can fire twenty-two shots a minute) that it would be at present distinctly hazardous for Germany to attack France. It should not be forgotten that Germany won her battles in 1870 largely through the great superiority of her artillery. It is true that Germany is, at present, re-arming her artillery. Nevertheless, she will require some considerable time before her new guns are finished, and, until then, France has a great advantage over Germany.

In 1870, France did not possess a national army. Her troops were a rabble, they fought without enthusiasm for a cause which, at least at the beginning of the campaign, was not understood by them, and they were pitted against a national army which fought for the greatest of causes. To-day every Frenchman knows that, in a war with Germany, he will fight for all that is dear to him, that he will fight for his hearth and home. The French would enter upon a war with Germany conscious that such a war would be a struggle for life or death to France, whilst the

German army would hardly in a similar spirit enter upon a war of wanton aggression over the Morocco Question or some similar shallow pretext for war. For these reasons, the best-informed French soldiers did not fear an encounter with Germany at the time of the Morocco crisis. French nervousness was restricted to the civilian element of the population, but even civilian France is becoming conscious of her strength. That consciousness is bound to affect the nature of Franco-German relations.

Formerly France tried to emulate the navy of this country. Now France arranges her naval armaments with a view of meeting not the British fleet but the German fleet on the ocean. The leading idea of M. Thomson, the French Minister of Marine, and M. Bos, the Reporter of the Budget, in framing the estimates was that France should keep pace with the rapidly growing German fleet, which threatens to outstrip the French fleet.

On paper the French fleet and the German fleet recently compared as follows :—

French Fleet.

Battleships launched since 1881 . 28 ships, 280,247 tons.
Cruisers launched since 1886 . . 21 ships, 181,486 tons.

German Fleet.

Battleships launched since 1881 . 17 ships, 181,486 tons.
Cruisers launched since 1886 . . 10 ships, 72,396 tons.

At first sight it would appear, from the foregoing figures, that France is at present much stronger on the sea than is Germany, but this is not the case. France has a large number of small battleships which possess only a very secondary fighting value, and if we leave these small battleships out of account, and

compare only the battleships of 10,000 tons and over, we find that France has only eighteen large battleships, as compared with sixteen large battleships possessed by Germany. Therefore the superiority of the French battle fleet over the German battle fleet is exceedingly small.

In comparing the French and German naval forces, we must remember that France has many vulnerable spots on her coast to defend, for all her great harbours can be shelled from the sea, whilst the German coasts, with their extensive sandbanks, which every year change their shape, need no mobile defence whatever. Then again, half of the French fleet is in the Mediterranean, far away from the northern coast of France, whilst the whole of the German fleet can be concentrated within a few hours in the North Sea. Lastly, the German ships possess a far greater homogeneity than the French ships, and the former can therefore be more easily manœuvred than the latter. From all these facts it would appear that the French fleet possesses no longer any marked superiority over the German fleet. It is true that the French admirals feel confident that they can defeat the German fleet, but the German admirals feel equally confident that they can defeat the French fleet.

A few years hence the German fleet should possess a great superiority over the French fleet, unless France soon bestirs herself and increases her navy. Consequently France would be well advised if she strengthens her naval forces as soon as possible. If, in a war with Germany, the French fleet should be defeated, Germany would be able to turn the defences on the north-east frontier of France by landing large bodies of troops on the northern coast of France, and this possibility is at present being seriously considered

by both French and German officers. On the other hand, if France should succeed in defeating the German fleet, she would be able to greatly damage Germany by destroying her export trade, of which between two-thirds and three-quarters are carried on over-sea.

The foregoing short sketch shows the real character of the relations existing between France and Germany. The Franco-German relations were truly, but very indiscreetly, described by the great German historian, Professor T. eitschke, in his book *Politik*, as "a latent state of war." Whatever compliments may be exchanged between the two countries, the aims and ambitions of France and Germany are incompatible, and they will remain incompatible as long as Germans are Germans and Frenchmen are Frenchmen. Hence the latent state of war existing between France and Germany seems likely to continue until France has either regained her natural frontier or until she has become a third-class Power, a second Belgium. Only then can France and Germany become friends.

France is under no illusion as to Germany's feelings towards her. Silently she has borne the latent state of war for thirty-six years, and the heroism of the French citizens in giving their services and their money without stint and without grumbling to their country is worthy of the greatest admiration. But the French may some day be rewarded for their patient patriotism. Already the thirty-six years of a latent state of war have worked wonders in the national character of France, and have created a race of strong and earnest men in that country. Besides, thirty-six years of concentrated military endeavour have given France an army which need not fear any foe. Perhaps that army will some day be the instrument for re-creating France and gaining back for her what she has lost.

CHAPTER VIII

GERMANY AND FRANCE IN MOROCCO

DURING almost a year, the diplomatic relations between France and Germany have been more or less strained on account of the Morocco Question; but Morocco has not been the cause but merely the pretext of Germany's dissatisfaction with France. The outward circumstances connected with the Morocco problem and the Morocco crisis have daily and at length been discussed by the Press of the whole world. Indeed, so thoroughly have these outward circumstances been discussed that we have become utterly weary of Morocco and we have forgotten to inquire into the true inwardness of the Morocco affair, which has most judiciously been obscured by an immense cloud of printer's ink. Therefore, it seems worth our while to penetrate the mystery surrounding the Morocco affair, which promises to become a diplomatic *cause celèbre*.

If we wish to understand the cause of the Morocco crisis, we must go back to the Franco-German War of 1870–71. After the conclusion of that great war, Bismarck was completely satisfied with the great position which he had won for his country in three most successful campaigns. He thought that Germany had won sufficient power, and that she had received a sufficiently great territorial expansion by her enormous conquests. Therefore, he devoted himself

since 1871 exclusively to the consolidation of Germany's Imperial position by sowing dissension among Germany's neighbours, and thus spreading confusion among them, by concluding the Triple Alliance, by improving the administration of the Empire, and especially by introducing many important economic and social reforms. Bismarck's greatest achievements after the war of 1870–71 were the creation of efficient Imperial institutions, the development of Germany's industries by the introduction of fiscal Protection, the purchase of the railways by the State, and the creation of a compulsory Imperial insurance system of all workers against illness, accident, and old age.

Between 1871 and 1890, the year when he was dismissed by the present Emperor, Bismarck never ceased admonishing the nation that Germany had won all she had a right to hope for, that the Germans should be satisfied with their splendid patrimony, and that their chief duty now lay in preserving—that their policy should be one of quiet conservatism.

Towards the end of the second volume of his memoirs, his *Gedanken und Erinnerungen*, of which hitherto only two volumes have been published, Prince Bismarck wrote :

"We ought to do all we can do to weaken the bad feeling which has been called forth through our growth to the position of a real Great Power by the honourable and peaceful use of our influence, and so convince the world that a German hegemony in Europe is more useful and less partisan, and also less harmful for the freedom of others, than would be the hegemony of France, Russia, or England. . . . In order to produce this confidence, it is above everything necessary that we should be honourable, open, and easily reconciled in case of friction or untoward events."

The foregoing passage contains in a few words Bismarck's political programme, which he followed since 1871, and his political testament. In the same chapter the following peculiar but most important phrase occurs :

"What I fear is, that by following the road in which we have started, our future will be sacrificed to small and temporary feelings of the present. Former rulers looked more to the capacity than to the obedience of their advisers."

This phrase, which is obscure to the general reader, and which was meant to be obscure to the general reader, supplies the clue not only to Germany's present policy, but also to the mystery which still is surrounding Bismarck's dismissal.

There were many causes of friction between Bismarck and William II., but the principal point of disagreement between the two men has not yet been drawn to the light, and is known only to a few people. The chief difference between Prince Bismarck and William II. was this, that the great Chancellor saw in Germany a land Power, that he wished to pursue a conservative, continental policy, and that he thought it necessary almost at any cost to keep on good terms with this country. William II., on the other hand, from the very beginning of his rule, wished to make Germany a great maritime and colonial Power. He was determined to pursue a vigorous expansionist, and almost an anti-British, policy. The fundamental differences as to the character and aim of Germany's foreign policy, not the various minor points with regard to which the views of William II. and of Bismarck clashed, led, as they were bound to lead, to an open rupture between Emperor and Chancellor. The fact that William II. dismissed Bismarck because the

latter was not prepared to enter upon a policy which was likely to lead to severe friction, and eventually, perhaps, to a collision with this country, is known to those few people who have seen the manuscript of the Third Volume of Prince Bismarck's Memoirs, and this fact has recently been confirmed by one of Bismarck's staunchest friends. It is to be hoped that the Third Volume of Bismarck's Memoirs will soon be published, and that it will be published without mutilation. The foregoing explains Bismarck's fear of the consequences which would ensue if Germany should follow "the road in which it had started," and pursue a policy which, by its distinguished author, has somewhat vaguely been described as the New Course.

The chief events in Germany's foreign policy after Bismarck's dismissal clearly show the direction of the New Course, and illustrate the new aim and direction of German diplomacy.

Germany was too weak on sea to attack this country. Hence, Germany's only hope of obtaining valuable colonies at Great Britain's expense lay in forming a coalition against this country, and this aim has never been lost sight of, and has stedfastly and unswervingly been followed by Germany since 1890. Bismarck had isolated France and estranged her from Great Britain, but he had kept her at arm's length. William II., though he continued Bismarck's policy of estranging France and Great Britain from one another, at the same time endeavoured with all his might to win France's confidence and her active support. At the beginning of William II.'s reign, the navy of France was almost as strong as was that of Great Britain, for the celebrated Naval Defence Act, which gave to our navy a distinct superiority over

that of France, was passed only in 1889. Therefore, the support of the French navy was of the greatest value to Germany in the pursuit of her new policy.

In 1887 the Government of Monsieur Goblet had endeavoured to bring about a reconciliation with Great Britain by settling the various subjects of contention existing between the two countries, especially the Egyptian Question, but whilst these negotiations were in progress the famous Schnäbele incident was produced by Prince Bismarck. M. Schnäbele, a French Commissioner of Police, was invited to a conference on a matter of service by some of his German confreres. The police being an international institution, Schnäbele followed the official invitation, but on his crossing the frontier he was arrested and imprisoned. This incident was so skilfully managed and magnified and exploited to such an extent by Bismarck that it would have furnished a *casus belli* or at least a plausible *pretextus belli* to Germany. In consequence of this affair, preliminary orders for mobilisation were given in Germany, the Stock Exchanges of Europe were thrown into convulsions—the Schnäbele incident has been the forerunner and model of the Morocco incident—and at the last moment things were smoothed over, but France had to break off negotiations with Great Britain, which were not resumed until M. Delcassé took up the matter where it had been dropped.

In the year following the Schnäbele affair, William II. came to the throne, and he resolved, in the interests of the contemplated Franco-German co-operation towards the acquisition of colonies, to prevent at any price the conclusion of that Anglo-French understanding which M. Goblet had attempted to bring about. Negotiations to achieve that end

were opened with this country, and Zanzibar and other German colonies in Africa were given up to Great Britain in exchange for the then valueless rock of Heligoland. Germany sacrificed her best colonies not on the altar of British friendship but for the purpose of forestalling France, and thus keeping Great Britain and France apart. This transaction created a violent outcry and boundless indignation throughout Germany, for the people could not understand how a statesman could strike so bad a bargain; but Caprivi, who then was Chancellor, defended this unfavourable exchange by stating, "We meant, before all, to ensure the continuance of a good understanding with England." He would more correctly have said, "We meant, before all, to ensure the continuance of a bad understanding between France and Great Britain."

Whilst William II. strove, by all means in his power, even at the sacrifice of the best German colonies, to prevent the conclusion of the Anglo-French *entente*, and to create misunderstandings between France and Great Britain, he endeavoured at the same time to arrive at a close understanding with France. Owing to the promptings of Germany, France strove to wrest Egypt out of her hands. With that object in view, M. Hanotaux sent, in 1894, Colonel Marchand on his adventurous errand to occupy the hinterland of Egypt, and whilst that Expedition was on the march, the French fleet was so pressingly, and with such expressions of sincere friendship, invited to the opening of the Kiel Canal that the French Government accepted the invitation. In Kiel the French were not only the honoured, but the most honoured guests of William II.

However, not only at Kiel, but at every opportunity, individual Frenchmen were treated by William II.

with the greatest distinction and consideration. The Emperor on innumerable occasions went out of his way to talk with the greatest cordiality and familiarity with all prominent Frenchmen who could be brought before him. He used to urge upon all Frenchmen whom he met that France and Germany were made to, and ought to co-operate, that a glorious world policy was lying before them. A splendid opportunity for applying his theory to practice, and for accustoming France to co-operate with Germany in Germany's lead, arose after the Japanese-Chinese War of 1894–95. Not only Japan but Great Britain also had to give way before the demonstration of the united, and one might almost say the allied, forces of France, Russia, and Germany. A new Triple Alliance, a maritime triple alliance controlled by Germany and directed against Great Britain, had arisen overnight.

The success achieved by the co-operation of France, Russia, and Germany in the Far East had gained numerous enthusiastic adherents in France to the German Emperor's policy, and in view of the apparent unanimity of France, Russia, and Germany in the pursuit of anti-British world policy, the position of this country in its not by any means splendid isolation seemed to be one of extreme peril, when, but a few months after the combined action of France, Russia, and Germany, the Jameson Raid providentially took place. For all we know, that foolhardy enterprise of Dr. Jameson has saved us from a very great calamity. The celebrated Krüger telegram, though ostensibly despatched to the president of the Transvaal, was in reality addressed to all those Powers which might be willing to make use of the pretext afforded by the raid, in order to enter a coalition to vanquish and despoil the British Empire. The Krüger telegram was princi-

pally directed to France and Russia. The mobilisation of a special service squadron, which was effected by Lord Goschen immediately upon the publication of that telegram, seemed at the time quite uncalled-for in view of the superiority of the British fleet over the German navy. In reality, however, and especially in view of Germany's negotiations then proceeding, it was an absolutely necessary precaution. Later on, the German Chancellor candidly but very foolishly admitted in the Reichstag, not improbably at the Emperor's direction, that the Imperial telegram to Mr. Krüger had been a *ballon d'essai*, that it had been despatched in the hope that a coalition could have been formed against this country, but that that project had to be abandoned because it was found that France had offered her help, not to Germany, as was hoped, but to this country. The German Emperor had been too hasty in unmasking his guns.

William II., strange to say, was undismayed by the failure of his personal attempts at inducing France to place her fleet at the disposal of Germany for service against Great Britain.

Four years after the Krüger telegram the South African War broke out. Remembering the non-success of his previous dramatic attempts at forming a coalition against this country, the German Emperor resolved this time to proceed more cautiously. According to a reliable source, William II. made personally, and through his Chancellor, repeated and urgent representations to the French Ambassador in Berlin that Germany and France had the identical interests both in Asia and in Africa, and that, under the circumstances, the co-operation of the two Powers was most desirable and necessary. The French Government was duly informed by its representatives

of these repeated and pointed advances, and on the 30th October 1899 the French Government, with admirable irony, authorised the Ambassador to reply that his Government indeed recognised the community of French and German interests in Asia and Africa. As France had chosen to "misunderstand" Germany's unmistakable intimations, the matter was quietly dropped by Germany, who did not wish to receive a second rebuff similar to that of 1895.

During the whole of our South African War all the important German papers, with the exception of one, loudly called for intervention by the combined forces of Europe, and if France would have listened to Germany's preparatory official advances, made in October 1899, or to those semi-official advances which unceasingly were subsequently made, such a coalition might perhaps have been brought about, and the consequence might have been *finis Britanniæ*. The unswerving loyalty of France to Great Britain during the time of our greatest difficulties can hardly sufficiently be appreciated by us. In this connection, it should be mentioned that it was not without cause that the British transports despatched to South Africa were escorted *en route* by warships ready for battle, and that the transport was in every respect effected under war conditions, even in European waters. It need hardly be said that William II.'s importunate but fruitless advances to the United States had a motive not unsimilar to that which prompted his advances to France, but this is another story, which should be related by itself.

At the time of the Fashoda crisis, when, at Germany's bidding and to Germany's satisfaction, the relations between Great Britain and France had been strained to the breaking-point, and when France and

Great Britain had been driven to the verge of war, M. Delcassé became Minister of Foreign Affairs. He recognised that the true interests of France did not lie in the direction in which Germany was pushing her, that his country was squandering its strength and its treasure in acquiring valueless colonies, and that the anti-British bias of France's colonial policy was of the greatest disadvantage to it. Therefore, he decided that, before all, the great but purely artificial differences which had been created between France and Great Britain for Germany's benefit should be abolished, and that France's anti-British policy should be replaced by a philo-British one, notwithstanding the pressure of public opinion and the influence of a powerful anti-British section in the French parliament.

M. Delcassé has been seven years in his office, and during these seven years it has been his constant aim to free his country from Germany's disastrous tutelage, and from the artificial entanglements with which Bismarck and William II. had surrounded it, and to arrive at a good understanding with Great Britain, France's natural friend and ally. The fact that M. Delcassé pursued a policy which was diametrically opposed to that policy which the German Emperor had mapped out for France, the fact that M. Delcassé wished France to follow a national policy, whilst William II. wished her to pursue a German policy, was the cause of Germany's bitter enmity to the Minister. Ministries came and Ministries went, but, to Germany's intense disappointment, M. Delcassé remained at the Foreign Office, being constantly firmly supported by President Loubet, and during the whole course of his office he was as unwilling to be dragged by Germany into an aggressive and necessarily anti-British world policy as he was in October 1899

when he was approached in connection with the South African War.

The settlement of the Fashoda incident did, of course, not heal the breach which circumstances, time, and especially Germany's policy had caused between France and Great Britain. After many years of bitter quarrels, France and Great Britain had become thoroughly and apparently permanently estranged, and both nations looked upon one another with distrust and a dislike bordering upon hatred. Besides, powerful influences were at work to widen the breach which had been created between the two nations, and, last but not least, the conflicting interests of France and Great Britain in Egypt, Newfoundland, and Morocco seemed to make a good understanding between the two countries almost impossible. The differences existing between France and Great Britain appeared, indeed, to be irreconcilable.

The Morocco Question, especially, although it was kept in the background, appeared to be a promising and fruitful cause of future quarrels between France and this country. During several decades France and Great Britain had vied with one another in their attempts at winning influence over Morocco, and at gaining the good graces of the Sultan by magnificent presents. Every advance in influence was considered as an encroachment by the other party, every step forward made by the one Power was jealously watched by the other Power and was greatly resented. During the last few years British influence at the court of the Sultan had become paramount—to France's great dissatisfaction—and Great Britain did not seem likely to give up the advantage which she had gained over her competitor.

The keen competition between France and Great

Britain for influence in Morocco was only natural as long as the two countries were on terms of more or less open hostility, for Morocco was a most valuable apple of discord. Owing to the neighbourhood of Algiers, their most precious possession, the French would have considered a British occupation of Morocco as the greatest danger and a direct threat to their colonies. Great Britain, on the other hand, saw in a French occupation of Morocco a direct threat to Gibraltar, and to British supremacy in the Mediterranean. Both nations feared to see a powerful and dangerous enemy established in Morocco.

Notwithstanding these apparently unsurmountable political and sentimental differences, which seemed to make an Anglo-French *entente* impossible, the two nations grew together through the action of the King, of President Loubet, of M. Delcassé, President Loubet's intimate friend, and of Lord Lansdowne. At last, on the 7th of July 1903, the foundation of the present *entente* was made in a conversation between M. Delcassé and Lord Lansdowne. In February 1904 war broke out between Russia and Japan, but although Russia seemed likely to defeat Japan, at least on land, M. Delcassé wisely remembered the uncertainty of the fortune of war, he hastened matters, and the *entente* between France and Great Britain, which settled all outstanding questions, and gave to Great Britain virtually a free hand in Egypt and to France a free hand in Morocco, was formally signed in London on the 8th of April 1904. The conclusion of that understanding was, no doubt, a severe blow, not to Germany but to Germany's policy, with its double aim with regard to France. The conclusion of the Anglo-French agreement affected not so much German interests as German ambitions, and not so much German ambi-

tions as Germany's attempts at making mischief between France and Great Britain and at making France her obedient supporter, in pursuit of a German world policy.

Although the disappointment felt in Germany at the definite failure of the policy pursued under the New Course was great, official Germany did not show any active resentment to France in 1904, for during that year Russia's victory over Japan was, at least on land, considered to be certain, and it was thought dangerous to interfere in the settlement beween France and Great Britain, for such interference might have had very serious consequences. If in 1904 Germany had put as serious a pressure upon France on account of the conclusion of the *entente*, as she did in 1905, Russia might conceivably abruptly have broken off the war with Japan and have thrown herself upon Germany. Therefore, the German Government pocketed its failure with the best possible grace, as it has invariably done after the numerous previous failures which its policy had experienced in all continents.

For these reasons the German Government officially declared that the settlement between France and Great Britain, including the settlement of the Morocco Question, concerned only those two countries, but meanwhile the Pan-Germans, the members of the Colonial Society and of the Navy League, aided by the professors, commenced, with regard to Morocco, a violent agitation which probably was officially inspired. Count Pfeil, the President of the German Morocco Society, declared in Leipzig and in Stettin, at a general meeting of the German Colonial Society, that the possession of the west coast of Morocco was indispensable to Germany, and the whole German Press

clamoured that Germany was entitled to at least a part of Morocco. Count Reventlow condemned Germany's inaction and Prince Bülow's policy regarding Morocco, in the Reichstag, in the strongest terms, and the Pan-German Society declared in a number of pamphlets, such as *Marokko verloren?* that Germany required the west coast of Morocco for establishing there some strong naval harbours, that Morocco was economically very valuable, and that it was most desirable to have in Morocco a strong military garrison. In the eyes of the Pan-Germans the possession of the west coast of Morocco would have secured for Germany a reversionary right, first upon Algiers and eventually upon the whole North African coast. Mr. Class, one of the leading members of the Pan-German League, in recommending in a pamphlet that Morocco should be divided between France and Germany, and that a German army should be stationed in Morocco, significantly added, "In view of the political position of the world, France will be glad if we leave to her that which we do not want for ourselves." The German Government disavowed, but did not discountenance this Press campaign—the tactics adopted by the Government towards the German Press were apparently the same as during our own South African War—but it watched events, and when the Russian defeat at Mukden had shown that Russia was wounded so much, that she was not likely to be able for some considerable time to give any serious help to her ally, it objected to the Franco-British Morocco settlement, of which she had previously approved, asserting that it violated Germany's important commercial and industrial interests in Morocco.

Before looking into Germany's proceedings, which will show the true drift and aim of her policy re-

garding Morocco, let us, at the hand of the German Government's statistics, furnished by the *Statistisches Jahrbuch für das Deutsche Reich* for 1905, take note of Germany's "important commercial and industrial interests" in Morocco.

GERMAN EXPORTS TO MOROCCO.

	Marks.
1897	1,100,000
1898	1,100,000
1899	1,500,000
1900	1,300,000
1901	1,500,000
1902	1,600,000
1903	4,000,000
1904	2,500,000
Average per year	1,825,000=£91,250.

From the foregoing table it is clear that, on an eight years' average, Germany's yearly trade to Morocco is about as great as is the turnover of a prosperous grocer or a big butcher. Per head of population, Germany exports to Morocco goods to the value of almost exactly a farthing a head per year. These official figures prove clearly that the quarrel which Germany picked with France over Morocco, because her important commercial and industrial interests in that country were jeopardised, were, to say the least, not tenable. The German Government must have felt that it was exposing itself to some ridicule in laying stress on the "important commercial and industrial interests of Germany in Morocco, which were second only to those of Great Britain." Therefore, Prince Bülow cautiously modified the original statement by explaining, in a circular addressed to the various German embassies and legations, on April 12th, 1905, "While we are, in the first instance, championing our

own German interests, we are acting in the consciousness that these interests are identical with the commercial interests of all the non-French Treaty Powers."

Whilst German diplomacy was actively negotiating with France, ostensibly in order to protect her £85,000 worth of exports to Morocco—a sum which would be a despicably small matter even for Siam or Liberia—the German Emperor was cruising in the Mediterranean, and with that suddenness which is characteristic of William II. and his Government the Emperor made it known to the world that France's behaviour towards Germany, not France's claims to Morocco, which for the moment were forgotten, caused the strongest displeasure to his Majesty. As all advances which had been made by the Emperor to France and to innumerable Frenchmen had failed to secure the unconditional support of the French fleet, as, moreover, France had even concluded an *entente* with the very Power against which she was meant to fight for Germany's benefit, an attempt was now made at forcing France into unconditional surrender to Germany. France was ordered to break off her *entente* by the direct threat of war, and we are reminded of the German Emperor's celebrated words, "Who is not with me is against me, and who is against me I shall smash to pieces."

Not only the semi-official Press, but the whole German Press, followed the lead given by the Emperor. We were told that war was in sight, that M. Delcassé had endeavoured to isolate Germany, that France should not have Morocco as a gift from Great Britain, but that she might have it as a gift from Germany, that Great Britain was an untrustworthy ally, who would desert France in time of need, whilst, allied with Germany, France might brave the world.

If we sum up the numerous official and semi-official declarations and proclamations which appeared at that time, we find that official Germany told official France, in the most unmistakable manner: "We must disallow the *entente* with Great Britain, which, a year ago, you have concluded against our will. You must break off relations with Great Britain, and you must dismiss M. Delcassé, who brought about that *entente*. But Morocco really does not matter. You may have Morocco, if you will be our friend; but you must place your fleet at our disposal."

We are reminded of the maxim of the first Revolution, "La Fraternité ou la Mort."

Germany's threats of war were by no means idle threats, for according to information, the accuracy of which cannot be doubted, Germany took at the time of the Morocco crisis those steps which precede a mobilisation. These steps, of which the French Government were fully acquainted, created at the time a panic in the Chambre des Deputés and the financial circles of Paris, and before Germany's threats of war M. Delcassé retired, and France consented to submit the Morocco affair to an international conference. No wonder that the well-informed *Kreuz Zeitung*, the organ of the German aristocracy and of high officialdom, exultantly wrote, on the 16th of July: "Peace had not by any means been the primary consideration in the Morocco Question, but rather the Anglo-French agreement. If these negotiations had failed, war would have ensued as a matter of course. But they proved successful, and that simply because the *ultima ratio* was visible in the background."

France was not only threatened with war, unless she would cancel the Anglo-French agreement. A further and a worse humiliation was inflicted on that

country. Professor Schiemann, a friend of William II., stated, after a conversation with the Emperor, that France would not be allowed to remain neutral in the event of a war between Germany and Great Britain, for France would have to fight this country on Germany's side, whether she liked it or not. If she should refuse to do so, preferring the observation of a strict neutrality, she would be invaded by Germany, and France would; with her territories and her wealth, have to make good the losses which Great Britain might inflict on Germany on sea. In other words, France was henceforth to serve to Germany as a vassal and as a hostage. This extraordinary statement of Professor Schiemann was circulated all over Germany as emanating from the Emperor, and, seeing that it has never been officially contradicted, it can only be assumed that Professor Schiemann actually made that extraordinary declaration in the Emperor's name and with the Emperor's authority.

If Germany thinks France so weak that she is entirely in Germany's power, it is quite clear that, should France allow herself to be coerced by Germany into co-operation, the spoils of war should fall to Germany, while France would get only that which Germany would not want. Any objections which France might raise against such a treatment could always be met by an appeal to the *ultima ratio regis*, and France would have henceforth to toil and to fight for Germany exactly as the ancient Gauls had to toil and to fight for their Roman conquerors. France has begun to understand that an enforced partnership with Germany would be as unsatisfactory for her as was the partnership which the wolf once concluded with the lamb was for the latter.

CHAPTER IX

THE ARMY AND NAVY OF GERMANY

All the great empires which the world has seen, with perhaps one solitary exception, that of the Chinese Empire, have become great by force; and all the great empires which have declined, or which have disappeared from the world's stage, have been diminished or destroyed by force. Diplomacy is fond of euphemisms, and diplomats like to speak of gradual expansion by allowing free play to the national forces and to the forces of Nature. They speak of creating protectorates, of mapping out spheres of interest, &c., when they are in reality bent on the aggrandisement of the nation by force. Hence it comes that countries are permanently and forcibly taken from their rightful owners by what diplomats are pleased to call temporary occupation, by peaceful penetration, by lease, by loan, &c. However, notwithstanding all these conventional euphemisms and diplomatic fictions, and notwithstanding the fact that the foreign policy of all countries is always ostensibly guided by the noblest motives, such as justice and humanity, the fact remains that all policy is based on force. Might is right between nations. The territories which are possessed by modern States are held by right of conquest—that is, in that right which springs from the possession of superior force.

Even the cleverest diplomat will prove unsuccess-

ful unless his words are backed with adequate force. The diplomatic ability and success of Frederick the Great, Napoleon I., Talleyrand, Metternich, Palmerston, Bismarck, &c., consisted largely, if not principally, in the superior material force which these men were able to wield; and, owing to the fact that their diplomacy was backed by sufficient force, they were exceedingly successful in their policy.

The fact that all policy is based upon force was nowhere more clearly understood than in Prussia, the forerunner of Modern Germany; and Modern Germany remains faithful to Prussian traditions and to the Prussian faith, that the best policy is the *ultima ratio regis*. For two hundred and fifty years, since the time of the Great Elector, Prussia has been always proportionately by far the strongest military power in Europe.

It is generally assumed that the military burden which is borne by Continental nations was never so heavy and so crushing as it is at the present time; but that assumption, which is very widely held, especially among the members of the various Peace Societies and their friends, is by no means in accordance with fact. The standing armies of the great Continental nations amount now, on an average, only to one per cent. of the population. Formerly, the proportion of soldiers to the total population was much higher, especially in Prussia.

At the death of Frederick William I., Prussia, which then had only about 3,000,000 inhabitants, had a standing army of 80,000 soldiers; at the death of Frederick the Great, Prussia had 5,500,000 inhabitants and an army of no less than 195,000 soldiers. Modern Germany has a population of 60,000,000 inhabitants and a standing army of 600,000 men,

but if the proportion of soldiers to the total population were now as great as it was at the time of Frederick William I. or Frederick the Great, she would have a standing force of more than 2,000,000 men.

Germany is a nation in arms. Every able-bodied man has to serve in the army, and the number of men enrolled year by year amounts now to about 280,000. The army on a war footing is made up of a number of these levies, and it can be made greater or smaller at will by calling out a greater or lesser number of such yearly levies which are called Reserves, Landwehr, and Landsturm.

The number of men yearly enrolled has of late greatly increased, as has been shown in the preceding chapter. Therefore, the average number enrolled every year is considerably smaller than 280,000. Besides, we must make allowance for those trained soldiers, who, through disease, are not able to serve in the ranks in case of mobilisation, and for those who have died. Hence, we may assume that the average yearly levy will, in case of war, produce about 200,000 men.

Service in the army begins when men reach twenty years, and the men who have passed through the army may be called upon up to the age of forty-five; but, in case of need, the age at which men may be called for military service can be extended. It therefore follows that the war strength of the German army amounts to about 2,400,000 trained soldiers, if the men between twenty and thirty-two years are called out, that about 4,000,000 trained soldiers could be raised if the men between twenty and forty-two years are enrolled, &c. The arms, ammunition, and accoutrements existing should suffice for equip-

ping at least 4,000,000 soldiers with everything that is required for war.

Every nation strives to create an army commensurate in number and adapted, as to its organisation, composition, equipment, and training, to the tasks which it may be called upon to fulfil in case of war. Great Britain has an insular army and a colonial army, and she relies for the defence of her home frontiers and of her colonial frontiers mainly upon her enormous navy. Germany requires an enormous army for the defence of her extensive land frontiers, or for a possibly necessary attack upon her neighbours, and her navy is distinctly of secondary importance to her, especially as her coast line is most excellently protected by extensive sandbanks, which make the approach of warships almost an impossibility, as the tortuous channels which lead through these sandbanks to the German harbours change their shape continually.

Germany, like all other great Continental nations, can raise enormous masses of soldiers, and as her huge armies will have to fight on comparatively exceedingly restricted ground, they are trained to fight in more or less dense masses. The central-continental theatre of war is not large enough to allow of individual fighting between millions of men, especially as natural obstacles and fortresses abound. On either side of the Franco-German frontier, for instance, there are only two or three narrow gaps between fortifications where battles can take place, and where an extension of troops such as we have seen during the Boer War and during the Russo-Japanese War could not possibly be effected.

Individual training is difficult with a citizen army, an armed nation. Hence, Continental army com-

manders try to utilise rather the enormous weight and momentum of a mass of armed men, making their armies, by constant, wearisome drill, huge and absolutely obedient fighting machines, than to trust to the highly trained fighting capacities of the individual soldier.

Great Britain has a comparatively very small military force, which is exceedingly costly, and she has the good fortune that the geographical position of this country and of its colonies makes impossible a sudden invasion by a million armed men, which Germany must be prepared to meet ten days after a declaration of war. Evidently the military tasks of Great Britain and of Germany are totally different. The British army would be useless to Germany, and likewise Great Britain would have no use for an immense citizen army after the German model, for which many statesmen and Generals are clamouring. Our geographical position and that of our colonies, as well as the independent character of our population, compels us to strike out an original line. We cannot possibly create an immense, well-drilled, well-armed, and absolutely obedient citizen army, and we are therefore forced to create an individualistic army composed of individualistic fighters. The national character makes that necessary.

How useless Continental tactics are for British soldiers and for British fighting-tasks, was clearly seen in the Boer War. Continental mass tactics are excellent for the densely populated Continent and for the "Massenschlacht." Out of Europe the best German soldiers and the most approved German tactics are apt to prove a complete failure. In the Boer War, the best drilled German soldiers would have done no better, perhaps they would have done

worse, than did British soldiers, who, with their national individualism, had not entirely lost their adaptability in strange surroundings. In fighting the natives in her South-West African colony, the German army, which was such an excellent instrument of war against the French and the Austrians, has proved an instrument totally unsuited for its task. Directed against a European foe on a European field of battle, the same soldiers would probably prove excellent.

From the foregoing, it should be clear that an attempt to copy the German army would prove disastrous to this country, and British officers might give up studying the Franco-German War of 1870–71, which, for thirty years, has been almost exclusively studied in this country, and which has a large share of the responsibility for our numerous defeats in the Boer War.

It is true that the Franco-German War is unique as a military success in the world's history. It is true that six weeks after the declaration of war all the French armies were swept from the field and Napoleon a prisoner. It is true that in six months the Germans took 400,000 prisoners, about 8,000 guns, and more than 800,000 rifles. But it is also true that Great Britain will scarcely be called upon to fight a war on a similar scale on similar lines, on a similar field, with a similar army against a similar enemy. Great Britain should certainly not copy the German army, but she can learn much from the organisation of that army, which, on the whole, appears to be almost perfect, and which is far too little studied in this country.

The Prusso-German army has gone through varying vicissitudes. Under Frederick the Great it proved itself to be the first army in Europe. Twenty years

after Frederick's death, it was found to be quite worthless against Napoleon I., and it fell to pieces at Jena and Auerstadt. After the fatal year 1806, the Prussian army was rapidly reorganised and reformed by Scharnhorst and his able co-workers, and later on it was again reorganised and remodelled by Roon and Moltke. In view of the fact that the British army wants reforming very badly, it is worth while to see why Frederick the Great's incomparable army so rapidly decayed after his death, and how the rotten army of 1806 was rapidly and thoroughly reformed.

The army with which Frederick the Great had successfully fought the united forces of nearly the whole Continent during seven years was organised, like our army, upon an utterly bad and unhealthy basis. Only noblemen could become officers, advancement went by length of service, obedience was absolute and blind, restricting all initiative among officers as well as among the rank and file. Detailed regulations made thinking unnecessary, and had to be carried out to the letter without question. The whole military organisation of Prussia was absolutely centralised in Frederick the Great, who attended to its smallest details. If a foreigner wished to witness a parade, he had to appeal to the King. But what the army lacked in a practical common-sense organisation, in individuality, and in initiative, which qualities alone can make an army a healthy living organism, was amply made up for by the King's immense personal capacity. He ruled the army with a hand of iron, and knew how to manage it notwithstanding its fundamental unsoundness. He inspected his troops very frequently, his sharp eyes saw everything, and every officer who did not come up to the

King's expectations was immediately dismissed. He knew the capacity of every officer, foresaw all and prepared all, his detailed regulations were to the point, his magazines were well filled, all was ready for war, and his army remained up to his death by far the first in Europe. Yet, but twenty years after his death, it was easily smashed by Napoleon the First at Jena and Auerstadt. When the great King was dead the faulty system remained, and no personality arose either to fill his place in that perverted system or to reform it root and branch. With the death of Frederick the Great the huge Prussian army became a body without a soul, imposing to look upon by reason of its size, but deficient in every other qualification. Therefore it was predestined to fall.

Lacking the necessary understanding and energy, his two successors, Frederick William II. and Frederick William III., were contented to administer the army according to Frederickian tradition, exactly in the spirit of precedent and with the same absence of original thought with which our own army is administered. They would have considered it a crime to introduce any reform into the army, and blasphemy to doubt its proved excellence. The warnings and entreaties of sagacious patriots to modernise the army fell on deaf ears, and the whole interest of Frederick William the Third with regard to military matters was concentrated upon parades and drills, the buttons and laces of uniforms, the shape of shakos and helmets, and similar futilities, in which, as Napoleon remarked, he was a greater expert than any army tailor.

Only after Prussia's terrible defeat, and the loss of half her territory in 1806, did the King and his

advisers wake up and begin to inquire seriously into the state of the army and the cause of its defeats. Progressive military men, among them the future Field-Marshal Gneisenau, the intellectual leader of Blücher's army and his Chief of Staff, attributed the collapse of the army largely to the neglect of preparations for war in time of peace, to its occupation with futile drill exercises calculated only for show on the parade-ground, to the neglect of warlike manœuvres and of target-shooting, to the inferiority of the Prussian arms as compared with the armament of the French in guns and rifles, to the slavish copying of various institutions existing in foreign armies, which were quite unsuitable to the needs of Prussia, to the blind conceit of officers and of the nation in the invincibility of the army, and to the incapacity of generals automatically promoted by length of service, and not by merit, who had partly become imbecile with old age.

A commission for the reorganisation of the army was called, which happily did not consist of fossilised generals, or of civilians unacquainted with war and with the military needs of the nation, but of a select few of the ablest young officers who had proved their value in the field, and who were sure neither to be doctrinaires nor to be unduly bound by traditions and text-books. This commission consisted of two major-generals, four lieutenant-colonels, and one major. It did not dazzle the nation with an imposing array of titles, but it was destined to accomplish great things, for among its members were men like Scharnhorst, Gneisenau, Grolmann, and Boyen. The members of this commission were young men. Scharnhorst, the oldest commissioner, was 52 years old, Grolmann, the youngest, was only 29 years old. It

was essentially not an old men's commission. Their recommendations were thorough and to the point. Soldiering was to be taken seriously by the officers. The army was to lose its character of a Society institution, it was to be democratised, and was to be managed on business principles. Among the recommendations of the committee the following were the most important :—

"Advancement shall take place, without regard to the years of service, solely by merit. In case it is found necessary, the youngest general is to command all others. Age or length of service is to have no influence upon appointments. Few generals are to be made in peace, and brigades are to be largely commanded by staff officers in war, so that those who prove themselves the worthiest on active service may be advanced to generalship. In peace a claim to officer's position can only rest upon military knowledge and education, and in war upon conspicuous bravery, activity, and circumspection. Therefore all individuals in the whole nation who possess these qualifications have a claim to the highest command.

"In giving only to the nobility those privileges, all talent and ability in the other classes of the nation was lost to the army, and the nobility did not consider itself under the obligation to take soldiering seriously, and acquire military knowledge, as good birth and a long life were bound to advance well-born individuals to the most exalted military commands, without either merit or exertion on their part.

"This is the reason why our officers were so behindhand in knowledge and education as compared with men of other professions in Prussia. For these reasons the army had become a State within the State, instead of being the union of all moral and physical forces of the nation. Advancement by years of service had killed all ambition and emulation among officers, for a good robust constitution alone granted all that could be desired. True merit and talent proved in free competition among officers was lost to the State, and the deserved advancement of military genius became impossible."

Besides, the commission insisted on the decen-

tralisation of the administrative machinery of the army. Each corps was to be made independent, but was to be fully responsible, and everything required for mobilisation, arms, stores, horses, commissariat, &c., was to be kept at the headquarters of each corps or division in order to facilitate rapid and smooth mobilisation in case of war. The endless train of baggage, which had so greatly hampered the movements of the Prussian army when opposed to the mobile troops of Napoleon, was to be diminished, new arms were to be introduced, up-to-date tactics were to take the place of obsolete barrack-square drills, and the soldier was to be treated better in peace time in order to make soldiering more attractive.

Greatly owing to the measures taken upon these recommendations, without overmuch regard to the obstinate resistance of the tradition-bound generals of the old school, Prussia, which Napoleon believed crippled for ever, was able seven years later to meet the French army in the field with conspicuous success.

The failure of the Prussian army in 1806 affords an excellent parallel to the failure of our own army in Africa, and the recommendations of the famous Scharnhorst Commission might largely, and perhaps *in toto*, be applied to the British army. At the same time we ought not to forget that since the time of Napoleon the First the art and science of war has made enormous progress. A new era opened with the advent of the prince of military scientists, the "Schlachtendenker," Moltke, who has elevated the art of war to the level of an exact science. Let us see what Moltke can teach us.

Frederick the Great and Napoleon the First used already to make elaborate preparations for war, but their preparations were clumsy and superficial if

compared with the minute study and the detailed preparations for war made by Moltke. As Napoleon concentrated the fire of hundreds of guns on that point of the enemy's position which to him was of the greatest importance, and battered it in, even so Moltke concentrated the organised intelligence of hundreds of the best brains in his army on the one point which to him was the most valuable one. Moltke's chief aim was to surprise the enemy by the unparalleled celerity of the mobilisation of his army, to fall upon him while he was still unprepared, and to smash him before an attack was expected. With this end in view he recreated the Prussian General Staff, and made it the active brain of the army.

Moltke, like most great commanders, did not lay down his principles for the conduct of war in the shape of a book. He evidently did not believe in taking the world and possible enemies of his country into his confidence. We must therefore look to his campaigns and to the official accounts of his wars for his guiding principles. In the introduction to the history of the Franco-German war, edited by the historical department of the Generalstab, over which Moltke presided, occurs the celebrated passage :—

"One of the principal duties of the General Staff is to work out during peace in the most minute way plans for the concentration and the transport of troops, with a view to meet *all* possible eventualities to which war may give rise.

"When an army first takes the field the most multifarious considerations—political, geographical, as well as military—have to be borne in mind. Mistakes in the original concentration of armies can hardly ever be made good in the whole course of a campaign. All these arrangements can be considered a long time beforehand, and—assuming the troops are ready for war and the transport service properly organised—must lead to the exact result which has been contemplated.'

How Moltke acted upon the principle of "working out all possible eventualities of war in the most minute way" may be seen from a few examples. Every reservist and every militiaman (*Landwehrmann*) possessed written or printed instructions which told him exactly to which place he had to go for enrolment in case of war. When he arrived at his place of enrolment, his complete outfit for war, measured to his person in peace, would be found waiting for him. Every commander throughout the empire had complete general instructions what to do in the case of war. The confidential particular instructions regarding the final disposition and direction of troops, transport, &c., towards the frontier, were also in the possession of each commander, contained in sealed envelopes, which were only to be opened on the receipt of the order to mobilise. The military stores were placed where they were wanted in case of war, in order to avoid loss of time and congestion of railways in forwarding them. A special department of the General Staff, consisting now of about twenty officers, studied the means of transport, the capacities of the railways, and the number of trucks and engines required for the conveyance of each unit, and drew up a most marvellously complete programme for the despatch of the countless trains required in case of war, upon which programme the confidential sealed instructions were founded. Consequently the transport of a million men or more, with their horses, guns, stores, and baggage, to any frontier could take place smoothly and rapidly without a hitch. The arrival of each corps at the point where it would be required, was calculable, so to say, to the minute, and every now and then the whole enormous arrangement of time-tables had to be recast in order to allow for the

conveyance of additional troops or stores, or for the use of an additional piece of railway recently completed. Furthermore, the detailed plans for any and every campaign in which Prussia could possibly be involved were always kept ready in time of peace, and were frequently changed and brought up to date. For instance, Moltke's first plan of campaign in case of a war with France was dated 1857, and his final dispositions, which were exactly carried out in 1870, were made in winter, 1868.

However, not only were the resources of Germany studied "in the most minute way" by Moltke and his staff, but also those of all possible enemies. As a matter of fact, he knew more about the strength and armaments of the French army, the time required for its mobilisation, the configuration of the French frontier provinces, the capacity of the French railways for transport, &c., than did any man in the French War Office. In other words, Moltke created an organisation which, by means of most minute studies and the painstaking collection and comparison of countless exact data, made war no longer the risky vague encounter with hostile elements of uncertain strength, at an uncertain time, and in an uncertain and unknown country, as it had formerly been, but made war an encounter with certainties, and with clearly defined calculable chances.

How well Germany was prepared for war may be seen from the fact that we read in the *Denkwürdigkeiten* of the then Prussian Minister of War, Count Roon :—

"Roon has frequently said that the two weeks following the memorable night of the mobilisation have perhaps been the idlest and the freest from care during his career. As a matter of fact, the mobilisation machine worked with such exemplary

exactitude, and so completely without friction, that Roon and the War Office had not to reply to *one* inquiry of the commanding generals or of other commanders. This was the case though the order for mobilisation was given without any previous warning, and though many commanding generals and Staff officers were on their summer holiday, and a good number of them were even abroad."

Napoleon the Third was vaguely aware of the numerical inferiority of his army, as compared with the troops of Germany. Consequently his idea had been to act with the lightning rapidity and energy of his great ancestor, to throw himself upon the south of Germany before Germany was ready, carry the Southern States with him, whether they offered resistance or not, and then march against Prussia, strengthened by the accession of the South German contingents. The plan was well conceived, and might have succeeded if Napoleon the Third had calculated, not guessed, how long it would take France and Germany to mobilise their respective armies, and if he had prepared everything in peace time for such a rapid stroke in the complete manner of the Prussian Generalstab. But in view of the preparedness of Prussia, and of France's unpreparedness, this plan of campaign was simply childlike. The Prussian Generalstab knew better than Napoleon the Third what France was able to do. In Moltke's memoir of 1868 we find the time necessary for the mobilisation of the French army correctly given. While France wanted three weeks to complete the mobilisation of her army, Germany took only eleven days. Consequently Napoleon's brilliant plan of campaign, which looked as fine on paper as did his army, miscarried, for the well-schooled and perfectly-equipped German army corps fell into their places with the mathematical precision of a well-timed clockwork,

and with incredible rapidity crossed the frontier in overwhelming numbers long before the French were ready for their contemplated dash into the south of Germany.

The terrible defeats of France were the natural and logical consequence of her going lightly to war with an army which was chiefly for show on parade, and which was only able to win easy victories over inferior races. It was a court and society army, in which the best men of the nation found no place. It was neglected by the people, and ruled by society men, not according to common sense, but according to tradition, and was managed by a bureaucracy devoid of foresight, prudence, and common sense, but endowed with determined meanness, narrow-mindedness, and an exaggerated sense of its own importance, being at the same time stupid, pettish, and tyrannical.

Germany's victory over France was less due to superior strategy or to superior tactics than to her great superiority in methodic organisation for war. The victory of 1870–71 is a triumph of German organisation, and if we study the history of the collapse of the French army in 1870 in detail, and try to deduce the principal causes of the success of the German army, we arrive at the conclusion that highly organised foresight, fore-study, and fore-calculation, represented by the Prussian Generalstab, led the Germans to victory, and that the absence of these qualities caused the defeat of the French.

The Prussian Generalstab did not only directly prepare for war in the manner already described, but it also prepared indirectly for war by studying strategy and the innovations introduced into the tactics of other nations, studying new arms and equipments, investigating everything and adopting what was use-

ful, educating officers in regular courses under Moltke's personal supervision, surveying the country, &c. In short, the Generalstab served as the intellectual centre of the army, as the clearing-house of most valuable information. It was the highest supervising, inspecting, inventing, and organising authority. It was an organism which enabled Moltke to hold all the threads of the army in his hand, and make it obey the slightest pressure like a well-trained horse.

Ruled by the Generalstab, the German army was no longer a clumsy and soulless military machine as it was in 1806, but became a living, sensitive, and intelligent organism, which acted like one man, and to perpetuate his work Moltke implanted firmly his spirit of thoroughness and his strategical ideas into the Generalstab, being its chief during thirty-one years. Thus Moltke has not only served as an example to his officers, and has created a school, not of imitators, but of independent military thinkers, in Germany; but his principles of minute comprehensive inquiry and of careful foresight have also been applied to commerce and industry, and have made Germany surprisingly successful in the more peaceful arts.

It appears that to a modern army an effective Generalstab like that of Moltke is as indispensable for modern warfare as is smokeless powder or the repeating rifle. What the laboratory is to a chemical factory, that is the Generalstab to the modern army, and its place can as little be taken by the ablest commanding general as the analytical chemist, with his assistants, can be replaced by a practical manufacturer who goes by rule of thumb and his grandfather's prescriptions, and disdains new-fashioned inventions.

The startling success of Germany in 1870 has led

to the adoption of certain German institutions in our army, but unfortunately the spirit of the German army has not been adopted. Among others, a General Staff has been created, but while the German General Staff is of supreme weight and importance, employing over 400 officers and spending altogether some £270,000 per year, or twice as much as is spent on the Prussian War Office, the Intelligence and Mobilisation Division at the War Office is a shabby hole-and-corner institution, which employed recently seventeen officers at a cost of £11,000. The disproportion between the British and the German institutions becomes particularly startling when we remember how restricted the confines of Germany are, and how few the possible points of attack, if compared with the huge British Empire, its worldwide responsibilities, and its countless possible fields of action. While over 400 officers are thought necessary to serve a homogeneous sedentary army in one country, seventeen officers were thought sufficient to attend to the complex problems of a world empire which extends over five continents, and to an army whose contingents are strewn all over the globe.

Our General Staff really smacked of Savoy Opera. The seventeen officers composing it were gravely subdivided. Two officers were to look after the Colonial section, two after France, Italy, Spain, Portugal—and all America, &c. The task allotted to each officer was simply ludicrous, and their position was even more grotesque than that of a former Chinese ambassador who was appointed to the courts of Spain and Russia, and to the United States. In consequence of this state of affairs the British Intelligence Office was reduced to the ignominious position of a second-hand information bureau, for it was evidently impos-

sible for these few men unaided to get information themselves, or to accomplish anything really useful.

That the British General Staff is only meant to be a make-believe, and that the idea of the use of a General Staff has not been grasped by our politicians thirty-six years after the Franco-German war, can be seen from its subordinate position at the War Office. While the Prussian Generalstab represents the highest intelligence in the army, and while its chief is the greatest military genius, as Moltke was, who does not waste his time in administrative routine work, but is free to use his talents to rule and improve the army through the Generalstab, and to prepare everything for every possible war, the chief of the British General Staff was, until recently, a subordinate officer of unknown military capacity, and the Commander-in-Chief and the Secretary of State for War consequently considered the second-hand information which that shabby office could supply hardly worth looking at. Even to-day the functions of a General Staff are not sufficiently appreciated in this country, and the provisions made for it appear quite insufficient.

Because we have had commanders like the Duke of Wellington, or Lord Roberts, or Lord Kitchener, who have helped the country with their brilliant successes out of military scrapes, and have made up for the brainlessness of our army by their own great capacity, we evidently believe more in a commander of genius than in a good system, forgetting that a commander of genius *and* a good system is a far more valuable possession to the nation than the same commander *without* a good system. Besides, it should be remembered that the coincidence of an inferior commander and a bad system would be absolutely fatal to the empire in case of war; while a good

system, like that of the Prussian army with its Generalstab, will single out able commanders and is devised to constantly regenerate the army.

In former centuries, when armies were small, armaments simple, and the problems of war few and of easy solution, a good general was able, with the help of some assistants, to create his army, to administer it in peace, educate it, prepare it for war, and lead it in battle, as did Frederick the Great. The British army organisation has been handed down from former centuries when it was adequate, and it has unfortunately not been sufficiently adapted to modern requirements. Hence our discomfitures in South Africa.

The highly complicated machinery of civilisation, the rapidity of progress, and the manifold inventions influencing war have caused rapid changes in the art of war, and have made the preparation for war a most important and most complicated duty. Consequently, we require now for the conduct of war and for the organisation of an army what we require for the successful conduct of a very large business—a chief unhampered by routine work who can devote all his time to improving the service, intelligent division of labour, the service of highly-trained specialists, wise decentralisation, free competition among officers, free play to individual initiative coupled with absolute responsibility, a clearing-house of information, the best appliances and arms, and, before all, the application of science to warfare by an organised thinking department.

Unless a special department on the lines of the Prussian Generalstab is created, with the ablest soldier of the nation at its head, the important duties of preparing for war in the most minute way, of

educating officers for the highest commands, not by Staff College theorists but by a Roberts or a Kitchener, will remain neglected, and the important duty of reforming and regenerating the army will remain unfulfilled. The British army will remain brainless, and the nation will in the next war experience disappointments similar to, if not worse than, those it has experienced during the late South African campaign.

The German navy had to be created out of nothing, for, until a few decades ago, Prusso-Germany possessed no warships whatever. In 1848, the first attempt was made to create a German fleet, which was largely paid for by voluntary contributions, as has already been mentioned in Chapter IV. A few small ships were got together in this manner, and a Mr. Bromme, an adventurer, who had served in the Greek navy, was made "Captain of the Imperial Marine," which, four years after its creation, in 1852, was sold by public auction.

In 1849, Prussia created a navy of her own, and a Dutchman, Commodore Schröder, was made the commander of the Prussian fleet, which at the beginning was composed of two armed steam-boats and 27 rowing gun-boats (which mounted together 67 guns), 37 officers, and 1521 men. I believe the present navy of Siam or Liberia is considerably more formidable than was the Prussian navy at its commencement. From these small beginnings sprang the present German fleet. Prusso-Germany's maritime experience was so small that foreigners had to be engaged as instructors and commanders, and not only fifty years ago, but even until a comparatively recent date, it was thought advisable to entrust the supreme command of the German navy to military officers of proved ability.

After the foundation of the German Empire, in 1871, Lieutenant-General von Stosch was made Chief of the Admiralty. His successor was Lieutenant-General von Caprivi, who became Chief of the Admiralty in 1883. Only since 1888 has the German Admiralty received an Admiral for its head.

In Cromwell's time, the British navy, which then was in a very bad state, was handed over to Colonels Blake and Monk, who were made "Generals at sea," and they reformed the navy by adapting Cromwell's excellent army organisation to the sister service. Strange to say, Colonels Blake and Monk proved themselves two of the most capable British Admirals. Germany, consciously or unconsciously, followed Cromwell's precedent, and she has no reason to regret that she put two of her ablest Generals at the head of her new navy. Stosch and Caprivi proved excellent organisers, and under their command the German navy became thoroughly up-to-date, exceedingly well-managed, thoroughly efficient, and completely ready for war. The organisation of the German General Staff was adapted to naval requirements, and Germany created an Admiral Staff, which she possessed for some considerable time, until, at Lord Charles Beresford's urgent representations, a similar, but apparently insufficiently strong, organisation was created for the British navy.

The German navy is small as compared with the British navy, but it is very rapidly growing. It is perfectly prepared for war, down to the smallest detail, and practically the entire fleet is kept in home waters, ready to strike with full force at once when war breaks out. According to Monsieur Lockroy, the former Minister of the Marine of France, who was granted special facilities by the Emperor

to study the German navy, the German fleet is the best organised in the world, and the Germans are confident that they can already hold their own against any navy except that of Great Britain.

On sea and land, Germany is equally ready for war, and equally able to strike with surprising celerity and with all her force at once. The maxim of Archduke Charles, "He who is surprised in war is already half-defeated," has become the motto of the armed forces of Germany, and at the next war Germany will surprise the world by the suddenness with which she will strike her first blows, and these first blows may decide the issue.

Many people believe that armies and navies are relics of a barbaric age, that wars will soon be abolished by international agreement, that in the future international differences will be settled not by force of arms but by the force of the law, by international arbitration. Let us see whether international arbitration is a practicable policy, or merely a chimera and a delusion, as is international Free Trade, which exists only in the text-books, and consider Germany's views on war and peace.

International arbitration is by no means an invention of yesterday, as many believe. Since the day when, more than 2000 years ago, the Amphictyonic Council was created, which, by-the-by, did not prevent Greeks exterminating Greeks, numerous international tribunals have been in existence, but they have invariably proved utterly unsuccessful, and the cause of their failure is obvious. Every vigorous State pursues two principal aims: to enlarge its dominions and to preserve its independence. Every healthy nation, like every healthy tree, endeavours to grow and to increase. Besides, neither right nor chance

but the instinct, and, before all, the will, of expansion supported by might have created nations out of tribes, and evolved empires out of nations. By the right of the stronger a little tribe of Northmen possessed itself of England, and by the right of the stronger England acquired her enormous empire. By the right of the stronger the Hohenzollerns, a poor Swabian family who came to the wilds of Prussia with a handful of retainers a few centuries ago, created modern Germany. Russia, Austria-Hungary, France, Switzerland, Holland, the United States, in fact all States, were created by might, not by right. To might all States owe the title to their possessions, and only by might can their possessions be retained.

Might being the foundation of every State and practically the sole title to its possessions, no powerful nation is willing to stake its possessions which were won by force upon the hazard of a judicial decision, especially as the law is proverbially uncertain and unsatisfactory. Therefore every great nation, and none more than Germany, relies upon its armed strength for the defence, not of her "rights," which are disputable, but of her "interests," of which every nation claims to be the sole competent judge. Only trifling questions have so far been submitted by nations to the decision of foreigners, and it seems unlikely that any great nation would leave the adjustment of her vital interests to outsiders who can only be expected to weigh legal "rights," but who cannot be expected sympathetically to weigh justified national aspirations, pretensions and claims to expansion, to supremacy and to dominion. Prince Bismarck said on this subject:

"It is true that great armies are a great burden. By our armaments we conduct a kind of warfare with other nations in which we give blows to one another with our money-bags.

Armed peace may be ruinous, but disarmament is a chimera, for who will enforce an unpalatable decision upon a strong nation unwilling to submit to it? To make international decisions enforceable by third parties would mean to make the *casus belli* permanent among nations."

The leading German authority on political theory agrees with the leading German authority on practical statesmanship, for Professor von Treitschke wrote in his *Politik*:

"The institution of a permanent international court of arbitration is incompatible with the very nature of the State, for a State can only by its own will set limits to itself. Only questions of secondary or tertiary importance can be submitted to arbitration, for in matters of vital national importance an impartial referee does not exist. Could we seriously expect to find an impartial arbitrator to decide on the question of Alsace-Lorraine? Besides, it is a matter of national honour that a nation should settle her difficulties without foreign interference. An authoritative tribunal of nations is impossible. To the end of history national arms will preserve their rights, and herein lies the sacredness of war."

In another place von Treitschke says:

"Wars will never be abolished by international courts of arbitration, for in judging of the vital questions between two States other States cannot be impartial. In the society of nations the interests of every nation are so interwoven with the interests of every other nation that impartiality cannot be reckoned on."

Numerous speeches of William the Second and innumerable declarations of German statesmen and professors confirm that the leading political, scientific, and social circles of Germany rely exclusively on Germany's army and navy for the defence of German "rights," among which there is the "right" to the possession of extensive colonies in a temperate zone.

Therefore, all German statesmen and responsible thinkers unconditionally reject a League of Peace and Goodwill and international arbitration in Lord Avebury's sense. By her attitude at the Hague Conference, official Germany has clearly shown her conviction that the international tribunal and the Czar's scheme of international disarmament were not to be taken seriously. Germany's statesmen believe with Lord Bacon that "wars are no massacres and confusions, but the highest trials of right."

The corrosive influence of Free-trade cosmopolitanism has no doubt blunted the sense of nationality and of patriotism in this country, and has raised in it many supporters of internationalism in the form of international Free Trade, international disarmament, and international arbitration. Whilst at the bidding of unpractical doctrinaires, pushful manufacturers and politica intriguers, Great Britain has wasted her political and her economic strength to the benefit, the delight, and the derision of foreign countries, Germany has steadfastly and determinedly pursued a thoroughly national and deliberately selfish policy, a policy which is based on might, which is promoted by a most unscrupulous diplomacy, and which is furthered by conquest.

It cannot be pointed out too strongly that Anglo-Saxon and German ideas of the State, its nature, its functions, and its policy, vastly differ. The German political philosophers teach, in accordance with Machiavelli, "the State is power." Bismarck stated "the only healthy basis of a great State is national selfishness, and not romantic idealism;" and in taking office he gave to the world his programme, to which he has unflinchingly adhered, in the words "the German question will be decided, not by parliamentary

speeches, but by diplomatic action and by war." A year later Bismarck made the ominous declaration, "Not by speeches and resolutions of majorities are great questions decided, but by blood and iron." Germany is determined to rely for her greatness on blood and iron rather than on beautiful sentiments.

The romantic and idealistic ideas of a league of peace and of international goodwill created and headed by Great Britain may be excellent in the abstract, and they may be very profitable, if generally adopted, from the British point of view, for Great Britain has all the territory she wants, and she strives only to preserve in peace that which she has won by war. However, Englishmen must be simple if they believe that beautiful speeches and beautiful sentiments will cause Germany to be satisfied with the fact that Great Britain has practically all the colonies in the world whilst Germany has none.

CHAPTER X

THE GERMAN NAVY LEAGUE AND THE NAVY

For those who wish to understand Germany's foreign policy, and especially Germany's policy towards this country, it is quite indispensable to be acquainted with the organisation, character, power, influence, and policy of the German Navy League, and to closely follow its activity. This is all the more necessary because very little is known of this organisation outside of Germany, and because the vast majority of Englishmen believe that the German Navy League is an enthusiastic, somewhat noisy, and not very influential body, composed of private and irresponsible individuals, which in scope and in character closely resembles our own Navy League. In the following it will be shown that this conception of the German Navy League, which is generally held in this country, is erroneous. It will be shown that the German Navy League is a huge official organisation, and that its political power and influence in Germany are exceedingly great, and probably greater than that wielded by any of the German political parties.

When the German Emperor and his advisers contemplated creating a navy which was to rival, and perhaps even to exceed, that of this country, they were fully aware that the Reichstag would not be found willing to vote the huge funds which would be required for carrying out such a policy. The small

Navy Bill of 1898, which embodied only a part of the Emperor's great naval programme, had with difficulty been passed through the Reichstag, on March 28, 1898, and it was clear that any further demands for the navy on the part of the Government would be refused by the German Parliament. Therefore, it was recognised that some means would have to be found wherewith to overcome the expected Parliamentary opposition against any further naval demands, and it was thought best that the electorate should be influenced by a huge organisation, founded on the model of our own Navy League, which, by extra-Parliamentary agitation, should exercise an irresistible pressure on the German Parliament. With this object in view, the German Navy League was founded on April 30, 1898, exactly a month after the first Naval Bill had been passed by the Reichstag. The chief and most active mover in the foundation of the German Navy League was the late Mr. Alfred Krupp, an intimate friend of the Emperor. The Emperor's brother, Prince Henry, immediately on the foundation of the League, was made the "Protector," that is, the honorary President of the Society, Prince William of Wied, who then was the President of the Upper Chamber of the Prussian Diet, became its acting chairman, and the venerable and generally beloved Grand Duke of Baden joined the German Navy League as honorary member.

The fact that the three most prominent men in Germany had placed themselves at the head of the German Navy League gave it the greatest prestige from the very outset. Soon, many of the foremost aristocrats and of the highest military officers and officials all over Germany offered their services to the League. The services of these men were accepted,

the official and social leaders of Germany were directed to enrol members of the League among the masses, and soon a keen competition for winning the greatest number of adherents to the League arose among the high officials of Germany.

In most countries the man in the street dearly likes to be associated with the aristocracy in some movement or another, but nowhere in the world is that desire stronger than in Germany, where the nobility and the high officers and officials form a caste of the greatest exclusiveness, being placed by the State on a level high above the masses of the people. Skilfully taking advantage of this disposition of the German masses, the Navy League was designed to be an organisation popular and democratic in character, but most aristocratic in organisation and government, thoroughly centralised to ensure absolute discipline, yet giving the greatest scope to individual emulation and exertion. The people, irrespective of age, sex, means, rank, party and creed, were invited to join the League, but at the same time the foremost men were designed to be the organisers and the officers of its local branches.

Not only were leisured aristocrats, generals and admirals on half-pay, and retired Secretaries of State appointed as agents and officers of the League, but the State placed the whole of the governmental machine of Germany at the disposal of the society. The highest officials in the provinces, the Regierungspräsidenten, who occupy a position similar to that of our Lord-Lieutenants, were allowed to become the chairmen of the provincial centres of the Navy League. The Navy League associations in the administrative sub-divisions of the provinces were placed under the direction of the highest acting officials, the Regier-

ungsräte, and in the towns the mayors, or the most prominent citizens, were induced to undertake the organisation and the management of the local branches. The provincial Government offices and the local town-halls everywhere were placed at the disposition of the League, and became the domicile of the Navy League. Thus the official character and the prestige of the League was greatly increased in the eyes of the German masses. As there are more than four thousand local branches of the Navy League in Germany, almost every village has now its naval society which is directed by the local magnates, the squire, the doctor, the clergyman, the forester, the chemist and the schoolmaster, who divide among themselves the various honorary offices, and who can easily gain adherents or create "a popular movement" among the villagers without much trouble and within a few hours, especially as the headquarters of these rural branches of the Navy League are usually at the principal inn.

In order to attract people of all ranks, the amount of the yearly subscription was left by the founders of the League to the discretion of the members who were asked to tax themselves for the benefit of the German navy and of the Fatherland in accordance with their means. The minimum contribution of a member of the Navy League was placed as low as fifty pfennigs (sixpence) a year, in order to enable even the poorest men to join it. On the other hand, a single donation of 1000 marks (£50), created the donor a life-member of the League, and brought him a diploma which was handed to him by the aristocratic President of the League. Thus well-to-do shopkeepers were given an opportunity of satisfying their desire of coming into contact with the aristo-

cratic personages who filled the presidential position in the various districts, and of approaching the local celebrities. To stimulate the ambition of all members to carry on the propaganda and to obtain new adherents to the League, marks of distinction were conferred upon the most successful promoters of the League. By permission of the Emperor, Navy League Badges, and a special Navy League flag were created, and enthusiastic young Germans were officially encouraged to parade the emblem of the Navy League in the form of tie-pins, cuff-links, brooches, &c.

The Emperor has, for various reasons, kept personally away from the League. Nevertheless, he has identified himself with the Navy League and with its ceaseless agitation in every possible manner, and has shown himself the chief promoter and protector of that society. During the year 1905, for instance, the Emperor sent numerous telegrams of congratulation and of encouragement to the League. On the 1st January he telegraphed to the President of the Navy League, "hearty thanks for your loyal congratulations. May your wishes for the strengthening of our naval power be fulfilled, and may your ambitions and those of the German Navy League be crowned with success." On the 9th March his Majesty wired, "I thank the assembled representatives of the German Navy League for the expression of their homage, especially as I see in that expression the embodiment of patriotic sentiments which still further increase and strengthen my confidence in the activity of the Navy League." On the 27th May he telegraphed to the President of the League, "I thank you for the greetings and the homage of the Navy League, the patriotic activity of which is a strong guarantee for me that I shall attain the end which I have in

view." The other German sovereigns have naturally followed the Emperor's example, and they have done all in their power to strengthen the League.

How important is the position which the German Navy League holds was clearly seen during its last yearly meeting, which took place in Stuttgart, from the 25th to the 29th of May 1905. The festivities began with a State dinner at the Royal Palace of Stuttgart, to which the King of Würtemberg had invited the leading men of the Navy League. The 26th of May was dedicated to business. On the 27th the general meeting took place, which was attended by Prince Henry, the Emperor's brother, and by the King of Würtemberg. On the evening of the same day an entertainment was given to the members of the Navy League, which was attended by Prince Henry, the King of Würtemberg, numerous German princes, and by the whole Cabinet of Würtemberg. On the 28th the members of the League were received by the King and Queen of Würtemberg and by Prince Henry of Germany. On the 29th a performance was given for the members of the Navy League at the Opera, which also was attended by the King and Queen of Würtemberg and by Prince Henry. After the meeting, the President of the Würtemberg branch of the Navy League, Prince Carl Von Urach, and his assistant, Herr Pflaum, received each a framed and signed picture of the Emperor, "as a token of his Majesty's recognition of the services which they had rendered to the League."

The meetings of the provincial Navy League associations closely resemble the general meeting held at Stuttgart. These provincial meetings are attended by all the foremost people of the district, who provide a brilliant reception and a sumptuous entertainment,

and thus these provincial meetings powerfully assist in gaining new members for the Navy League, perhaps more from social than from patriotic reasons.

Owing to the skilful organisation of the German Navy League and to the most liberal imperial, royal, and official patronage bestowed on it, the members of the League rapidly increased in number, especially in the large towns. But the villages were not to be neglected. In order to enrol the country people as well, an army of travelling lecturers were engaged by the Navy League, and a number of cinematographic apparatuses were purchased, which all the year round travel through the districts allotted to them, and bring the idea of the German navy to the door of the peasants who live far away from the coast, in remote rural or mountainous districts. From the statistics published by the Navy League, it appears that, on an average, about 150,000 people attend every month these cinematographic performances. The Emperor William takes a great interest in them. On February 22, 1905, for instance, the Navy League was commanded to give a cinematographic performace before the Emperor at the Palace in Berlin.

In order to strengthen the local navy societies, frequent social meetings take place. To make these a success the central office of the Navy League issues suitable instructions for holding such meetings, supplies lists of lecturers and their topics, sends out lecturers and theatrical plays written for promoting the objects of the League, &c. Besides, the Navy League has published a book of popular naval songs, which contains no less than sixty-seven songs on the subject of " Our future lies upon the water."

The German Navy League has not only individual

members, but it admits whole societies, clubs, &c., to membership. Even a number of town corporations are members of the German Navy League.

Apart from the four thousand branches in Germany, the German Navy League has about one hundred branches in foreign countries, "excepting the United States and Russia," and the German consuls abroad are, in many cases, the founders and chairmen of these naval associations. These foreign naval associations contributed during the first ten months of 1905 considerably more than £2000 to the central association in Berlin, an amount which was larger than the takings of the British Navy League in the whole British Empire during that year, and it is remarkable that the largest individual contribution came from Cape Town, which, in January, sent to Berlin 2034 marks; in June, 10,200 marks; and in October, 1543 marks, or about £700 in all. It is certainly remarkable that so much enthusiasm for the creation of an overwhelmingly strong German navy should be found in Cape Town, and it is perhaps allowable to surmise that the larger part of this contribution came from the pockets of South African Boers, and not from German colonists, especially as the contributions sent from all other British colonies and from England itself are exceedingly small, the largest contribution from Great Britain being that of Glasgow, which sent £30 10s. to Berlin during the year, whilst London sent only £6 8s.

The foregoing details show clearly that the German Navy League is a private association only inasmuch as its members join the League voluntarily, but the fact that its central and its local organisations are in the hands of the highest German aristocrats and officials show that, by its direction, it is an official

body which stands under the influence and constant control of the Emperor and of the highest officials. Therefore we may assume, as will be shown in the following, that the policy of the Navy League is the policy of the German Emperor.

Now, let us consider the strength of the German Navy League, and let us see what it has achieved so far, what it is likely to achieve in the future, and how it is likely to make use of its power.

According to the July 1907 issue of the monthly journal, *Die Flotte*, which is published by the German Navy League, that association has 946,000 members, and is therefore the largest voluntary association for patriotic purposes, not only in Germany but in the world. The income of the German Navy League should, in the present year, amount to more than £50,000. The monthly journal of the Navy League, *Die Flotte*, is issued in no less than 370,000 copies, and it has very likely a larger circulation than all other monthly periodicals published in Germany combined. How enormous a circulation of 370,000 copies is for Germany may be seen from the following figures, giving the circulation of the leading political dailies of that country:

Frankfurter Zeitung	32,000 copies
Kölnische Zeitung	30,000 „
Berliner Tageblatt	65,000 „
Vossische Zeitung	25,000 „
Total	152,000 „

The circulation of the other leading dailies of Germany is not obtainable, but the foregoing statement shows that the four leading political journals of Germany combined have less than half the circulation of the journal of the German Navy League.

The greatness and importance of the German Navy League becomes clear to us only if we compare it with our own Navy League. The German Navy League has almost a million paying members, ours has but a few thousand members. The organ of the German Navy League, *Die Flotte*, is to be found in almost every restaurant, every inn, every hairdresser's shop, and in almost every private house of the well-to-do in Germany. The Navy League journal, although it is far better written than the very dull *Flotte*, may occasionally be found in an English club, but hardly anywhere else is it to be seen. Of a hundred Englishmen hardly one has ever seen the Navy League journal, of a hundred Germans probably ninety know *Die Flotte*. The British Navy League has, on an average, an income of about £2000 per year, out of which amount only about £500 are spent upon propaganda, the rest being swallowed up by salaries, postages, and sundry expenses. The German Navy League has now an income of about £50,000 per annum, and of this sum nearly the total is available for purposes of agitation. As postages, fares, and various other expenses for carrying on a campaign of propaganda are very low in Germany, and as countless workers for the German Navy League can be obtained gratis, £50,000 in the hands of the German Navy League will probably go as far for naval agitation as would £150,000 in the hands of our own Navy League, which has to pay heavily for all it does in the absence of a large number of efficient voluntary workers. The funds in the hands of our Navy League amount, as a rule, to about £200, whilst the funds of the German Navy League are so large that that organisation actually suffers from a glut of money. Therefore, the German Navy League has presented

the nation with a small gun-boat, and has given very substantial donations for the troops which took part in the expedition against the Boxers, for the troops which were fighting in South-West Africa, for missions to seamen, and for charitable purposes. Besides, the German Navy League trains a number of cadets free of charge, and distributes gratis an enormous quantity of literature for obtaining seamen and naval officers from the inland population. Placards illustrating "Germany's sea power," which are revised every two years, are sent by the Navy League free of charge to all schools which apply for them, and these placards are fastened to the wall and serve to impress the youthful mind with the conviction that "Germany stands in bitter need of a strong navy."

The German Navy League endeavours to create national enthusiasm for the navy among the German children. Not only provides the Society literature, pictures, lectures, entertainments, cinematographic performances, naval exhibitions, &c., for the young, but it takes every year a large number of children to the sea. This is a very useful and a very wise step, for most German towns lie so far inland that hardly 1 per cent. of the German children have seen the sea. Every summer the German Navy League brings many thousands of children to the sea, and many of these will, when they are grown up, no doubt owing to their trip, be induced to enter upon a naval career. These children, of whom hundreds came from far away Bavaria and Thuringia, are accompanied by their teachers, and they are frequently conducted by a retired major or colonel, whose duty it is to show them what is to be seen, and to rouse the military spirit in the future defenders of their country. These children are taken over the warships, they are fêted

everywhere, and everything is done to ensure that their holiday will for ever remain one of their most pleasant recollections, and thus, these excursions probably assist very materially in converting a race of landsmen into potential seamen.

Now let us see what the German Navy League has, so far, achieved.

At the beginning of January 1900, within two years from its foundation, the German Navy League had created a perfect organisation for carrying through a campaign of propaganda among the masses, 286 local naval societies had been established, and 246,967 members had been enrolled. On January 25, 1900, the celebrated Navy Bill was brought forth, which, according to the preamble of the Bill, was to create a fleet of such strength that "a war with the mightiest naval Power would involve risks threatening the supremacy of that Power."

Even before this Bill had been announced, the Navy League had begun its campaign in the electorate, which shows that the League must have been taken into the confidence of the Government, or rather of the Emperor, before the public, and the Navy League commenced a campaign of agitation which is unprecedented in the history of Germany. In the spring of 1900, countless meetings in favour of the creation of a fleet sufficiently strong to meet the British navy were held all over the country, an army of lecturers taken from the *élite* of official, intellectual, and social Germany, delivered 3000 lectures to several million people, generals, admirals, Regierungspräsidenten, and the most distinguished University professors vied with one another in demonstrating to the public that the rapacity of the Anglo-Saxon nations was a danger to Germany, that Great Britain intended to attack

Germany's trade, that the danger could only be provided against by a fleet strong enough to overawe this country, and that it would be best for Germany if Great Britain's naval supremacy was destroyed. In the course of this extraordinary campaign, books and pamphlets advocating the creation of a fleet of overwhelming strength were sold by ten thousands by the League, and no less than seven million books and pamphlets were, according to the Year-Book of the Navy League for 1901, distributed gratis by that Society. We cannot wonder that this strenuous campaign caused the Reichstag to pass the Navy Bill of 1900, for the violent agitation of the Navy League had proved irresistible, and had carried before itself all parties, including even the Social Democrats. On January 24, 1901, the President of the Navy League summed up the result of the campaign in favour of a navy strong enough to meet the British fleet, and he announced with pride that, during the year, the number of local naval societies had increased from 286 to 1010, that the number of members had grown from 246,967 to 566,141, and that during the year 939,251 marks, or almost £50,000 had been spent on the anti-British propaganda in favour of the German fleet. It is undoubtedly true that, as the Year-Book of the German Navy League declared, "the successful passing of the Navy Bill of 1900 was principally due to the enormous strength and the excellent organisation of the German Navy League, which embraced the whole Empire, and to its energetic agitation."

During the four years following the passing of the Navy Bill of 1900, the membership of the Navy League grew but slowly. On January 1, 1904, the membership had risen to 633,000, and was, therefore, only a little larger than in 1900. On the other hand,

the number of the all-important local societies had grown meanwhile from 1010 to 3600, and thus the potential strength of the Navy League had been more than trebled during four years of suspended agitation. Hence, a future naval agitation will find the German Navy League a still more formidable factor than it was in 1900.

The enormous strength of the German Navy League may be seen from the fact that the number of its paying members is about as large as the average number of the members of the great political parties of Germany, excepting only the Social Democratic party. As a matter of fact, however, it would appear that the German Navy League is, in reality, much stronger than any of the Parliamentary parties, because apart from the 946,000 paying members, it possesses probably a much larger number of adherents who are unwilling to pay a yearly contribution to that association. Besides, it should not be forgotten that almost the whole of the aristocracy, of the bureaucracy, of the military and naval officers, and of the professors and schoolmasters are active supporters of the League. Therefore, it may well be assumed that the German Navy League is, for all practical purposes, much stronger than any one of the German parties. Its organisation is perfect, it disposes of ample funds, and its agitations will probably, in the immediate future, prove as irresistible as it proved in 1900.

The Navy Bill of 1900 was brought forward only after the Navy League had carefully prepared the ground by an unceasing agitation. A similar agitation is at present going on in Germany. In January 1905, *Die Flotte*, the official organ of the German Navy League, brought a diagram which was to show that of

the thirty-eight battleships which had been sanctioned by the Bill of 1900, thirteen were antiquated, and four of little fighting value, so that Germany possessed, apart from those ships building and contemplated, in reality only ten battleships of full fighting value. In an article by Major-General Keim accompanying that diagram, it was stated "unfortunately, we are at present, and shall be in the immediate future, not strong enough at sea, notwithstanding, or rather because of, the Navy Bill of 1900, for that Bill unfortunately laid down too long a time for the construction of the ships voted." Since January 1, 1905, when this statement was issued, down to the end of that year, the German Navy League has unceasingly condemned the Navy Bills of 1898 and 1900 as being totally inadequate. Although by the latter more than £200,000,000 were altogether voted for naval purposes, that enormous amount was treated as a contemptible contribution towards the German fleet. The leading article of *Die Flotte* for February 1905 closes: "We Germans spend £150,000,000 a year, or one-seventh of the national income, on drink, but the whole country, headed by the Reichstag, shrieks aloud if another shilling is demanded for the German fleet. A nation which can spend hundreds of millions every year upon alcohol has money in heaps for warships, but let us spend our money quickly, for, otherwise, it will be too late."

During the whole of 1905 it rained pamphlets and newspaper articles in Germany, which painted Germany's future in the blackest colours. Germany was declared to be helpless on the sea, and to be surrounded by watchful enemies who were only too anxious to destroy Germany. Only an overwhelming fleet could save the country from destruction. Notwithstanding

these hysterical declamations, the German public could not be roused to the necessary frenzy of enthusiasm as in 1900, and it seemed that the agitation of the Navy League would be unsuccessful when, to the great relief of the directors of that organisation, the visit of the British fleet to the Baltic was announced. The *Reichsbote*, the *Staatsbürger Zeitung*, and the *Rheinisch-Westfälische Zeitung*, which always have preached that Germany required an overwhelming navy to protect German commerce against this country, declared in articles, which certainly were inspired from Berlin, that Great Britain was bent on destroying the German fleet, that the errand of the Channel Fleet was a reconnoitring expedition, that the Baltic should be closed to the English, &c. Whilst these and other papers went into hysterics, and shrieked that it was now too late to increase the German fleet, Admiral Tirpitz smilingly declared that the visit of the British fleet was a godsend, and the greatest blessing that could happen to the German Navy, for it would bring home to all Germans the necessity for a stronger fleet, and the German State railways announced that they would run excursion trains at specially low rates to the sea in order to enable all Germans to convince themselves of Germany's helplessness against Great Britain.

Whilst the Press of Germany thus endeavoured to frighten the general public, until the people themselves should clamour for an augmentation of the navy, the German Navy League issued in its Mitteilungen the following notice :

" Part of the German Press has seen in the visit of the British warships to the Baltic a hostile demonstration against Germany. We believe this opinion to be unjustified, for England is as much entitled to send her ships to the Baltic

as Germany has a right to send her ships to the North Sea. However, the appearance of the powerful British fleet will be of advantage to us, inasmuch as all Germans may now convince themselves with their own eyes how great is the inferiority of the German ships in size, armament, &c., if compared with the British fleet, and it should be noted that these British ships are not even the most powerful ones which England possesses."

Commenting upon this notice, the *Berliner Tageblatt* of August 2 observes that this statement appeared to have emanated from an official source, and it cannot be doubted that this was the case.

The chief business of the great gathering of the Navy League at Stuttgart, which has been described in the foregoing, consisted in the passing of two resolutions. In the first resolution the Navy League declared emphatically that it would support with all its power the policy of the Government to increase the number of cruisers and of torpedo boats. In the second resolution it had formulated a policy of its own, which it was determined to urge upon the Government. This resolution was worded as follows : " The German Navy League recommends an acceleration in the building of the German fleet, and wishes energetically to express the desire that the German battleships of inferior strength should as rapidly as possible be replaced by battleships of full fighting value." This resolution, by which the Government was called upon very largely to extend the great shipbuilding programme of 1900 has, since then, been vigorously endorsed by naval meetings all over Germany.

Since the time when these resolutions were passed, the German Government allowed the Navy League to prepare the public for the new naval demands which were placed before the Reichstag early in 1906. The Government asked that the eighteen battleships of

medium size, which under the Navy Bill of 1900 were to be laid down, should be replaced by battleships of the very largest size, that six cruiser-battleships of the very largest size should in addition be constructed, and that the German harbours and docks and the Kiel Canal should be enlarged. All these demands were readily passed. About £50,000,000 were voted, and Germany is planning, or already constructing, twenty-four ships, each of which will be larger and more powerfully armed than our own *Dreadnought*.

As soon as the Navy Bill of 1906 was passed, it was denounced and condemned by the League as utterly insufficient, and at the annual meeting of the League at Cologne in May 1907 the following resolution was unanimously and most enthusiastically passed:

"In view of the fact that other nations constantly strengthen their fleet in such a degree as to increase the disadvantage of our naval position, and in view of the serious dangers in which the insufficient strength of our naval forces involves Germany, the seventh annual general meeting of the German Navy League hereby resolves as follows: It is absolutely necessary to accelerate the completion of the naval programmes of 1900 and 1906."

This semi-official resolution has been supported by numerous articles to the same effect which have lately appeared in the inspired section of the German press. Their coincidence is hardly fortuitous, and it appears likely that the German Government, as is generally believed in Germany, intends greatly to extend the shipbuilding programme of 1900–1906, and especially to accelerate the completion of the ships voted. It is also noteworthy that a petition, covered with more than three hundred thousand signatures, the largest petition that has been got up ever since the foundation of the Empire, was sent to the Reichstag, in which it was

prayed that the building of the German fleet should be greatly accelerated. These straws show in which direction the official wind is blowing in Germany.

It might be thought that the Germans would become tired of adding additional enormous sums to those already devoted for their huge naval armaments, but so far there are no indications that Germany will refuse to pay for her navy whatever the Government chooses to ask for. Through the unceasing agitation of her Navy League, Germany has grown navy-mad. Toyshops which were filled with tin soldiers are now filled with tin battleships.

All differences of party have disappeared before Germany's ambition to conquer the rule of the sea. Although the Social Democratic deputies vote, for party reasons, against naval supplies, and ostensibly condemn them as unnecessary, they heartily approve of them in reality, and not a few Social Democrats belong to the German Navy League. The Social Democratic party of Germany will certainly support a further increase of the German navy, and the commercial circles and the agrarians also will not oppose a large additional increase of the fleet. Many German Chambers of Commerce have lately passed resolutions recommending that the German navy should be greatly augmented, and although a substantial minority may possibly in Parliament vote against increasing the fleet, it seems likely that the vast majority of the nation will be in favour of such a step, unless some unforeseen event should suddenly intervene.

In 1900 it was the argument of the German Navy League that the German fleet was weaker than that of Russia or France or Japan. At present the German fleet is in tonnage inferior only to the British and to the French fleets, but in reality the German fleet is

considerably stronger than the French fleet. France has to distribute her ships over two seas, she has numerous coast towns to protect, and her ships are, on the whole, old, slow, ill-built, and they lack uniformity and homogeneity. The French have *une flotte d'échantillons*, as they say themselves, and they will find it very difficult to manœuvre them in battle. Germany, on the other hand, has nothing to protect with her fleet. Her coasts are so well defended by extensive sandbanks that they require no protection. Hence Germany may, with her modern homogeneous and exceedingly well-managed fleet, be able to defeat the two great French squadrons in detail, for they will find it exceedingly difficult to effect a junction. The leading naval authorities in Germany admit only a paper superiority on the part of the French fleet, and have no hesitation as to the issue of a naval struggle between the two countries. As Germany feels confident that she could defeat France on the ocean, it is perfectly clear that the additional naval armaments which are now clamoured for can only be directed either against this country, which alone possesses a distinct superiority over Germany on the sea, or against the United States.

We have heard much of the agitation of the Pan-Germanic League, but that League, though violent in agitation, indiscreet in its statements, and most aggressive by its programme, is not very dangerous, for it has no settled policy, and before all it possesses comparatively little influence in Germany. On the other hand, the German Navy League, with which, by-the-bye, the Pan-Germanic League is very intimately associated, is very dangerous. The German Navy League does not try to astonish the world with boundless plans of conquest, but it works quietly and in silence

at creating for Germany an irresistible weapon wherewith the ambitions of the Pan-Germans may some day be satisfied, and the danger of the German Navy League is all the greater because it has only a narrow programme, because it concentrates all the energy of the nation upon a solitary and eminently practical purpose, because it is most discreet, and because it never indulges in bluster. For these reasons Great Britain ought to watch the activity of the German Navy League with the greatest attention.

CHAPTER XI

THE GERMAN NAVY AND OPERATIONS OVER SEA

AGAINST which Power is the German fleet likely to be used? Germany need not spend several hundred million pounds on her fleet in order to be able to defeat France, which has an open frontier towards Germany, nor need Germany fear the Russian fleet. Therefore the great German fleet, which is building, can logically have only two opponents—either the United States or Great Britain.

We have been assured by a British Prime Minister and various politicians and officers that Great Britain cannot be invaded. Are their assurances to be relied upon? Does Germany also believe that an invasion of Great Britain is impossible? According to all great Austrian authorities, it was hopeless for Prussia to attack Austria in 1866. According to most of the great French authorities, it was hopeless for Prussia to attack France in 1870. According to various British authorities, it is hopeless for Germany to attack this country. "Pride goeth before destruction, and a haughty spirit before a fall." In the knapsacks of Austrian prisoners, taken by the Prussians in 1866, proclamations to the inhabitants of Berlin were found; the troops of Napoleon the Third were lavishly supplied with maps of Germany, but with none of France; our own troops entered upon the South African War with maps of the Transvaal, but

with none of the British colonies, where they so often were defeated. History is apt to repeat itself, and Great Britain may experience a naval "black week" if she thinks that the German navy need not be taken seriously.

Of course, if Germany was stupid enough to give us fair warning and to meet us in fair battle, the superiority of the British fleet would be overwhelming; but wars are not conducted, at least not by Germany, on the principles of a cricket match. Germany will, in a difficult war, certainly follow the advice which Bismarck gave to his nation in his memoirs. He said:

"When it becomes a matter of life and death, one does not look at the weapons that one seizes, nor the value of what one destroys in using them. One is guided at the moment by no other thought than the issue of the war."

In diplomatic and military warfare Germany has no other object than to defeat and crush her opponents. In politics and in war she leaves sentimentality to old women and amateur statesmen who have gathered their wisdom from shallow theorists, for Germany is administered by men of action, not by a miscellaneous crowd of glib orators and skilful vote-catchers.

The highest naval officers of Germany have an astonishing confidence in their well-handled and ever-ready fleet, and they do not fear an encounter with a superior British force. At the same time the German navy would not rashly attack a superior British fleet under normal conditions. A declaration of war is, according to usage and to the law of nations, unnecessary. Therefore Germany need not scruple to choose the most convenient moment for an attack on this country, and she may conceivably defeat a superior, but unprepared, British fleet in the same way in which she has defeated superior forces on land.

Very likely Germany will endeavour to effect a landing in Great Britain. It is true that Mr. Haldane has, on the 8th of March 1906, assured us that "the navy in the present strength is capable of defending these shores from invasion," and that "our coasts are completely defended by the fleet, and our army is wanted for purposes abroad and oversea." Therefore Mr. Haldane proposes, for the sake of economy, to "do away" with numerous defensive positions on the coast and around London. Although Mr. Haldane considers that a landing in considerable force is impossible on our shores, Lord Roberts and the leading German officers who have studied the question are of a different opinion. The German army is constantly ready for war. In a few hours all the ships which happen to be in the German harbours could be seized, filled with soldiers, and sent to the British coast, in accordance with detailed plans which the general staff has prepared. According to Mr. Haldane, the risk of such an enterprise would be very great, but in reality the risk run by Germany in such an expedition is so infinitesimally small that it certainly will be run in time of war. The Germans know quite well that we are a humane people, not cannibals. If a hundred thousand men can be landed in England, Germany's object will probably be attained. If the transports are discovered in time and are attacked by a superior British force they will hoist the white flag and we shall have to feed a hundred thousand prisoners, whose loss will make no appreciable difference to an army of 6,000,000 trained men. Mr. Haldane's arguments may seem plausible to unmilitary people, but they are singularly unconvincing to all those who have had some experience in handling large bodies of troops. But that is, after all, not Mr. Haldane's profession.

A superior British fleet, "capable of defending these shores from invasion," may at the critical moment have been lured away, or it may be occupied in another quarter of the world, for we cannot permanently tether up our fleet at our front door and convert our ships into floating coast fortifications. In the absence of our fleet, a hundred thousand German soldiers, perhaps more, could be landed, but, according to the Parliamentary arm-chair strategists, they would soon be "cut off from their base" by our ships. That operation would be very serious if Great Britain was a savage country. However, as the troops landed would find in this country plenty of guns and ammunition in our arsenals near the coast, and as plenty of horses, carts, &c., could be "commandeered," the lightest equipment and a few guns would suffice, and immediately a rush for London could be made. With London the British Empire would fall. I do not think that I betray a secret if I mention that the German General Staff has made a most careful study of England, and that the country has to such an extent been travelled over and surveyed by German officers that a German invading force would feel as much at home in our winding lanes as on the straight *chaussées* of Germany.

The German troops would meet with the resistance of some hastily collected British regulars, militiamen, and volunteers, but the highest German officers have singularly little respect for our troops, as I have had occasion to ascertain. Since Free Trade has ruined our agriculture, our army has become composed of starving slum-dwellers, who, according to the German notion, are better at shouting than at fighting. German generals have pointed out that in the South African War our regular and auxiliary troops often raised the white flag and surrendered, without neces-

sity, sometimes to a few Boers, and they may do the same to a German invading force. Free Trade, which "benefits the consumer" and the capitalist, has, unfortunately, through the destruction of our agriculture and through forcing practically the whole population of Great Britain into the towns, destroyed the manhood of the nation. Lord Roberts' recent statement that "our armed forces as a body are as absolutely unfitted and unprepared for war as they were in 1899" is, unfortunately, only too true. Of course, if Lord Roberts and the German generals are right and Mr. Haldane is wrong, which very likely is the case, we may impeach Mr. Haldane when it is too late—if there is a Parliament left by the invader who may have come to stay.

The essence of maritime warfare, especially for a country the interests of which are worldwide, is mobility. Therefore we cannot tie our ships to our shores. Our shores must defend themselves. The army cannot leave the defence of our coast to the navy. Our coasts can easily be defended, for we have a sufficient number of citizens willing to bear arms and to defend their country, and owing to the density of our population and of our railway net we can, with some little preparation, assemble 200,000 armed men, almost at any possible spot of debarkation, within a few hours. But that cannot be done if the necessary organisation is created by orating amateurs. Military experts must be allowed to manage military affairs.

If, in case of an Anglo-German war, an invasion of Great Britain, which almost certainly will be attempted, should prove a failure, Germany would either try to cause Russia to invade India, or she would strive to invade India in co-operation with Russia. Such an attack would be exceedingly dangerous, since the new Russian railways have placed Moscow within easy reach

of India. The support of Russia against Great Britain would be invaluable to Germany, and this is one of the principal reasons for Germany's unvarying friendship for her Eastern neighbour, but our arm-chair strategists have apparently never thought of a Russo-German attack on India. From his speech of the 8th of March, it would appear that Mr. Haldane is of opinion that, since Russia's defeat, all danger of an attack on the north-west frontier of India has passed; but let Mr. Haldane act warily. Some day a Russo-German force, a force in which German intelligence, organisation, and foresight would be combined with Russian numbers, might impetuously knock at the gate of India, and the most beautiful speeches of Mr. Haldane and Sir Henry Campbell-Bannerman, and the loftiest sentiments of our philanthropical Free Traders will not turn them back.

The foregoing shows that a war between Germany and Great Britain might, even at the present time, not be confined to target practice on moving objects on the part of the British fleet. Ten or fifteen years hence Germany may even be able to challenge our fleet on the high sea. At any rate she will be able to immobilise our entire naval resources and confine our naval power to the seas in the immediate vicinity of our coast, especially if we neglect our coast defences and home army, and thus Germany will make it impossible for us to assert our rights in any quarter of the globe except with Germany's permission.

I would now give, in extract, a translation of a very interesting German pamphlet entitled *Operationen über See*, by von Edelsheim, a member of the German General Staff :—

"Moltke declared that landings and operations with landed troops were enterprises of subordinate importance; but the military commanders of the

future will have to count the preparation for, and the execution of, wars over sea among their most important tasks. There is no State in the whole world which possesses better forces and greater means than Germany for the enterprise of war by landing. In the first place the excellence and the readiness of our army, and the celerity with which large masses of troops can be mobilised, are not equalled by any other great Power; in the second place, Germany disposes of the second largest commercial marine in the world, and has in the rapid large steamers of her shipping companies a splendid transport fleet, the excellence of which is not exceeded even by that of England herself; in the last place, the increase and strengthening of our navy which is at present taking place will guarantee increased security to the transport of our troops over sea. These factors, which are peculiarly favourable for Germany's power, open a large field for our world policy, and render it possible for us to make our strong military forces also useful for the greatness of the Empire, and to conquer by the development of German power over sea the same feared and esteemed position in the world which our victories of the last decennia have earned for us in Central Europe.

"A further stimulus in this direction is to be found in the fact that our navy will not be able at once to attain such development that it can alone solve all tasks which may have to be solved in an energetic world policy. Therefore it is desirable that the strength of our army should be made visible and available over sea to such nations as have so far looked at Germany as a State by which they cannot be reached. Thus we must consider not only landings in conjunction with territorial wars but also operations against States which we can reach only by sea.

"Operations over sea must not be improvised, because there is hope for their success only when the whole complicated mechanism down to the smallest details has been prepared in time.

"The possibility of utilising favourable situations and favourable times for undertaking operations over sea is one of the most important conditions for their success. When the landing has been effected in such a way that the opponent has been taken by surprise, even a strong country will hardly succeed in concentrating sufficient forces in time wherewith to meet the invader. The preparations for landing operations must therefore be furthered in time of peace to such an extent that in time of war we feel sure of having the advantage of surprising the enemy by our celerity in mobilising and transporting our troops.

"The aim of our operations must be kept entirely secret, and attempts should be made to deceive the enemy at least with regard to the purpose for which the first preparations are undertaken. Napoleon's expedition to Egypt and the manner in which it was commenced may be considered still to-day as a model.

"A landing on the coast of the enemy is only possible if the assailant has forces superior to those which the defender can collect at the decisive moment in order to prevent a landing. If a landing has taken place, even a victorious naval battle is useless to the defender unless he disposes of armies sufficiently strong to meet the invader with success. Therefore it is absolutely necessary that the strength of our German navy should be developed so far that the security of the troops during a possible crossing is certain, and that it is able to defeat, or at least to detain, any hostile fleet which the opponent may collect at the moment when the landing operation is contemplated. There-

fore the way for a transport of troops over sea should usually be opened by an operation of the fleet, and the fact that a landing becomes absolutely impossible if the battle on sea has an unfavourable issue for us has to be taken into account. Thus the principle may be deduced that all men-of-war which can be used should be used for operations over sea in order to open the way for a fleet of transports.

"For operations over sea a detailed plan of mobilisation must be drawn up in exactly the same way as is done for operations on land. The troops which are to be mobilised must be determined in peace, their transport by railway, their harbour of embarkation and the preparation for embarkation must be prepared in order to ensure the greatest possible celerity. As we have seen in the foregoing, it is before all necessary to proceed with a surprising quickness which alone can assure us success.

"If the opponent disposes of considerable forces a simultaneous landing at several spots seems questionable. . . . If several places of debarkation are chosen, the protection of these places towards the sea requires many ships of war; the scouting towards the land is made more difficult, and the enemy will easier be able to attack in superior numbers the separate parts of the landing troops. Lastly, the unity of command at the beginning of the operations will meet with great difficulties, and time and means will be missing to obviate these difficulties. Therefore it is recommendable, if it is at all possible, to select only one spot of debarkation and to bring up the transport fleet as closely as possible to the coast.

"For a debarkation a harbour is naturally best. Less favourable but still advantageous is a closed, protected bay; least favourable is the open coast. On the other

hand, a landing on the open coast will find the least resistance on the part of the enemy because it can be executed with the greatest chance of surprise. If the point of landing selected is close to a bay or to a harbour the first task of the troops which are landing will be to take possession of such a place in order to enable the fleet of transports to disembark the majority of the troops, horses, and material at that spot. The possession of a harbour will greatly accelerate these operations and increase the security of the disembarkation against a hostile attack from sea and land. If such a coup does not succeed the landing of the whole expeditionary army must immediately take place by boats on the coast without loss of time, and all preparations must be made for such a possibility. Every transport must have with it a sufficient quantity of material for disembarkation in order to be able to land everything on the open shore. It is impossible to land in the face of strong fortifications or of a strong hostile force; the Russian landing manœuvres which have been made have fully proved that.

"The best security for landing by boats is always afforded by the surprise. Therefore it is impossible to explore a point of landing by ships sent in advance, which would only show the opponent which the probable point of landing would be and he would therefore be enabled to take his measures in time. Such proceedings can only be used in order to deceive the enemy. The exploration of the possible points of landing must have taken place already before the beginning of the operations.

"The well-known naval author Mahan, recognises that the offensive is characteristic of landing operations. The history of war teaches how the success of well-executed landings, such as those at Aboukir or

Cape Breton, have been partly marred by over-great caution of the landed troops, because it was not recognised by the commanders that energy and celerity in execution will counterbalance all strategical disadvantages to such an operation. Quick and energetic operations with closely concentrated forces on the line of the smallest resistance are absolutely necessary for the success of landing operations.

"Napoleon's campaign in Egypt proves that an army may subsist for years, even in a country possessing poor resources, when the connection with the home country is cut off. Such independence is greatly facilitated in a civilised, thickly peopled, and rich country, as it will then be much easier to get all that is required in the way of food, horses, material, &c., from local sources, and even ammunition may be manufactured in the enemy's country.

"An expeditionary army must economise to the greatest extent its forces. Bloody victories may act like defeats on them. Therefore, attacks on fortifications must be avoided if they are avoidable. The chief thing is always the surprising celerity of the operations, and in order to attain the main object aimed at all forces must be used with the greatest energy and with an absolute lack of all consideration.

"At present the view prevails in our military circles that operations over sea in connection with territorial wars are worthless, and are even harmful, as greater success appears likely by using those troops on land which might be used as an expeditionary force.

Operations against England

"A conflict with England must be considered by Germany, for a powerful progressive German trade

forms for the power of England at least as great a danger as the progress of Russia towards India. In a purely naval war with England we could count on success only at the beginning of operations, but soon England would be able to bring to the field such enormous naval forces that we should be limited to the defensive and could hardly count on a fortunate issue of such operations. Even if we conclude an alliance with Russia we might harm England permanently, but we would not be able to directly threaten that State. Only an alliance with France could menace England, but owing to her geographical position and the great loss of time which is occasioned by every operation initiated by allies, England would always be able to bring into the field a maritime superiority even against that alliance unless she be taken by surprise.

"England's weakness lies in that factor which constitutes our strength, the army. The English army corresponds neither in quantity nor quality with England's position as a Great Power, and does not even correspond with the size of the country, for England feels convinced that the invasion of her territory can be prevented by the fleet. That conviction is, however, not at all justified . . . for though England can collect immense fleets after some time, those of her naval forces which are ready for war during the very first days are not so overwhelming. Consequently an opponent who is considerably weaker on the sea, and who concentrates his forces and keeps them in a state of readiness can expect a temporary success. Therefore, in case a war with England should be threatening, Germany should endeavour to throw part of her army on the English coast, and thus to shift the decision from the sea on to the enemy's country. As our troops are far superior to the

English troops, England's enormous naval power would not have the slightest influence upon the final decision.

"The army of England consists of the field army, the reserve, the militia, the volunteers and the yeomanry. In case of an invasion by surprise, we need only consider of these the field army with its reserve. The militia requires so much time for concentration and equipment that only a small fraction will be able to assist the field army in the first and decisive struggle. The volunteers and the yeomanry cannot in a short time bring into the field any considerable forces useful for war. Besides, we must remember their small military value, owing to which they would not be serious opponents to our well-trained troops. The English field army consists nominally of three army corps, each composed of three divisions. Of these corps half the third is composed of militia. Therefore it has either to be completed from the militia and will then come too late for action in the first decisive battles, or it will march in its peace strength, and can then not be much stronger than a division. Of the second army corps two divisions and one brigade of cavalry are quartered in Ireland, of which at any rate the larger part will remain there in order to prevent a rising of the Irish, to whom the German invasion would bring the liberty they long for. Immediately ready for war are therefore only:

Three divisions of the first army corps,
About two divisions of the second army corps,
About one combined division of the third army corps and three brigades of cavalry.

"As the mobilised strength of an English division amounts in round numbers only to 10,000 men, whilst

that of a German division amounts to 16,000 men, four German divisions and one cavalry division would already possess a superiority over the British field army. However, we are able to ship in the shortest time six infantry divisions, or five infantry and one cavalry division, to England. How such an operation against England over sea should be conducted can of course not be described in this place.

"If the weather be fair, the transport from our North Sea harbours should be effected in little more than thirty hours. The English coast offers extensive stretches which are suitable for landing troops. The country contains such great resources that the army of invasion could permanently live on these resources. On the other hand, the extent of the island is so small that the English would never succeed in vanquishing any army of invasion, once it had been victorious. It is unlikely that such a war would be long drawn out, or that considerable reserves would be required. The material is largely renewable in the country itself. Therefore we may without hesitation maintain that it will be unnecessary to keep open communications with our own country.

"The first object to be aimed at in invading England would be the English field army; the second would be London. However, in all probability both objects would be attained simultaneously, as in view of the small value of the volunteers the whole field army would be required for the defence of the fortifications of London. It would obviously be impossible to let the capital fall into the hands of an invader, especially in view of the pressure of public opinion. But if London is taken by an army of invasion, one or the other naval harbours will also have to be occupied in order to create a base for supplies and for further

operations which we are justified to think will lead to the conquest of England.

Operations against the United States

"Operations against the United States of North America would have to be conducted in a different manner. During the last years political friction with that State, especially friction arising from commercial causes, has not been lacking, and the difficulties that have arisen have mostly been settled by our giving way. As this obliging attitude has its limits, we have to ask ourselves what force we can possibly bring to bear in order to meet the attacks of the United States against our interests and to impose our will. Our fleet will probably be able to defeat the naval forces of the United States, which are distributed over two oceans and over long distances. But it would be a mistake to suppose that the defeat of their fleet will force the United States with its immense resources into concluding peace.

"In view of the small number of American merchant-men, in view of the small value of the American colonies which are not even pacified, in view of the excellent fortifications with which the great American seaports are provided, and which cannot be taken except with very heavy losses, and in view of the large number of American seaports, all of which we cannot blockade at the same time, our fleet has no means to force that opponent through successful maritime operations to conclude a peace on our terms.

"The possibility must be taken into account that the fleet of the United States will at first not venture into battle, but that it will withdraw into fortified harbours, in order to wait for a favourable opportunity

of achieving minor successes. Therefore it is clear that naval action alone will not be decisive against the United States, but that combined action of navy and army will be required. Considering the great extent of the United States, the conquest of the country by an army of invasion is not possible. But there is every reason to believe that victorious enterprises on the Atlantic coast, and the conquest of the most important arteries through which imports and exports pass, will create such an unbearable state of affairs in the whole country that the Government will readily offer acceptable conditions in order to obtain peace.

"If Germany begins preparing a fleet of transports and troops for landing purposes at the moment when the battle fleet steams out of our harbours, we may conclude that operations on American soil can begin after about four weeks, and it cannot be doubted that the United States will not be able to oppose to us within that time an army equivalent to our own.

"At present the regular army of the United States amounts to 65,000 men, of whom only about 30,000 could be disposed of. Of these at least 10,000 are required for watching the Indian territories and for guarding the fortifications on the sea coast. Therefore only about 20,000 men of the regular army are ready for war. Besides, about 100,000 militia are in existence, of whom the larger part did not come up when they were called out during the last war. Lastly, the militia is not efficient; it is partly armed with muzzle-loaders, and its training is worse than its armament.

"As an operation by surprise against America is impossible, on account of the length of time during which the transports are on the way, only the landing can be affected by surprise. Nevertheless, stress must be laid on the fact that the rapidity of the invasion

will considerably facilitate victory against the United States, owing to the absence of methodical preparation for mobilisation, owing to the inexperience of the *personnel*, and owing to the weakness of the regular army.

"In order to occupy permanently a considerable part of the United States and to protect our lines of operation so as to enable us to fight successfully against all forces which that country, in the course of time, can oppose to us, considerable forces would be required. Such an operation would be greatly hampered by the fact that it would require a second passage of the transport fleet in order to ship the necessary troops that long distance. However, it seems questionable whether it would be advantageous to occupy a great stretch of country for a considerable time. The Americans will not feel inclined to conclude peace because one or two provinces are occupied by an army of invasion, but because of the enormous material losses which the whole country will suffer if the Atlantic harbour towns, in which the threads of the whole prosperity of the United States are concentrated, are torn away from them one after the other.

"Therefore the task of the fleet would be to undertake a series of large landing operations, through which we are able to take several of these important and wealthy towns within a brief space of time. By interrupting their communications, by destroying all buildings serving the State, commerce, and the defence, by taking away all material for war and transport, and, lastly, by levying heavy contributions, we should be able to inflict damage on the United States.

"For such enterprises a smaller military force will suffice. Nevertheless, the American defence will find it difficult to undertake a successful enterprise against that kind of warfare. Though an extremely well-

developed railway system enables them to concentrate troops within a short time on the different points on the coast, the concentration of the troops and the time which is lost until it is recognised which of the many threatened points of landing will really be utilised will, as a rule, make it possible for the army of invasion to carry out its operation with success under the co-operation of the fleet at the point chosen. The corps landed can either take the offensive against gathering hostile forces or withdraw to the transports in order to land at another place.

" It should be pointed out that Germany is the only Great Power which is able to tackle the United States single-handed. England could be victorious on sea, but would not be able to protect Canada, where the Americans could find consolation for their defeats on sea. Of the other Great Powers, none possess a fleet of transports required for such an operation."

CHAPTER XII

THE GERMAN EMPEROR AS A POLITICAL FACTOR

THE Emperor is no doubt the most potent factor in German foreign and domestic politics, whether he rules personally like William II., or impersonally, through a powerful statesman, like William I. The political influence of the Emperor, whether direct or indirect, is always very great. Hence it is worth while to study the character and influence of the present occupant of the German throne.

William II. is, perhaps, the most picturesque and the most talked about figure on the stage of the world, and, if a computation should be made, it would very likely be found that more columns of the international press are daily filled with accounts of his doings and sayings than with those of all other sovereigns taken together. We have seen William II. not only as an emperor and a king, but also as a statesman and a politician, a general and an admiral, a painter and a composer, a stage-manager, a conductor of an orchestra, and a sportsman. We have heard him preach sermons, and give lectures on naval matters and on commerce, on yachting and on socialism, on agriculture and on new art, on archæology and on boat-building, on education, and on countless other subjects. In consequence of his numerous accomplishments and his feverish activity, he has come to be considered either as a genius of infinite range and wonderful intelligence, or as a

restless, many-sided, over-ambitious, and over-enthusiastic amateur.

However, whilst people are always discussing every one of the Emperor's minor acts, they usually omit to take a more comprehensive view, and to consider him in his most interesting aspect as a political factor by weighing his importance for his own and other countries by the general trend and character of his actions during his seventeen years' reign. By summing up the net results of his restless activity during his long rule, an appreciation of his political weight and tendencies may be possible, and an opinion may be formed as to his future influence, for good or for evil, upon the history of his own country and of the world.

In order to understand the Emperor as a political factor, it is necessary to study his personality, character, and surroundings, as well as his rule, his ambitions, and his achievements.

William II. is distinctly a talented man, endowed by nature with a very active brain, rapid comprehension, a retentive memory, and a fertile imagination. These characteristics showed themselves already in his earliest childhood. For instance, once, when his governess, before inflicting bodily chastisement, solemnly assured the little prince that his punishment would hurt her more than it would hurt him, little William at once inquired naïvely whether it would hurt her in the same place where it would hurt him.

The German Emperor is very highly strung, nervous, and irritable; impetuous to rashness, swayed by sudden impulses, possessed of unbounded self-confidence, and imbued with that fervent belief in himself, in his divine mission, and in the special

protection of Providence, which is usually found in great men of the first order, such as Alexander and Cæsar, Cromwell and Napoleon. Having a considerable gift of speech, it is only natural that his utterances are never commonplace, but highly dramatic, strenuous and emphatic, testifying to the rich mind from which they have sprung, and to the peculiarities of his character and views just described. The Emperor possesses a rare energy, considerable moral and physical courage, and much tenacity of purpose. Though he is able to form deep political plans and pursue them for years in close secrecy, he has been known to commit an indiscretion in a moment of weakness, and to shatter his deeply laid plans by a sudden ebullition.

William II. is well aware of his talent and ability, which are no doubt greater than that of any of his predecessors, excepting, perhaps, Frederick the Great. As Frederick the Great treated the "Unterthanen-Verstand" with sublime contempt, and administered at the same time all the great offices of State in peace, commanded the armies in war, and whiled away his spare time with his flute and philosophy, with writing poetry and sketching, thinking himself great in all these subjects, to the amusement of Voltaire, even so William II. feels capable not only of ruling the empire, so to say, single-handed, but also of directing its commerce and education, its music and art—in short, the whole fabric of the empire, and the whole intelligence and activity of the nation. Frederick the Great is the Emperor's ideal and model, and, in fact, there is much resemblance between William II. and his great ancestor. Bismarck already remarked of the then Prince William: "In him there is something of Frederick the Great, and he is also able to

become as despotic as monarchy, and that he Great. What a blessing that we have a parliamentary government!"

The self-will and self-assertion of William II. spring from the same cause as the despotism of Frederick the Great, namely, from the very full knowledge of his own ability and an insufficient knowledge of the ability of other people. These characteristics of William II. were known to the initiated before he ascended the throne. Bismarck had prophesied that the Emperor would be his own Chancellor, but, nevertheless, he was unwise enough not to resign when the old Emperor died. Hence his fall. Moltke was wiser. He resigned six weeks after the death of the Emperor Frederick.

Frederick the Great was a poet, an administrator, a philosopher, and an author, but he was essentially a soldier. In him the ambition to enlarge his dominions which is characteristic of all the Hohenzollerns, was particularly strongly developed, and he succeeded in nearly doubling the territory under his sway, and in elevating Prussia to the rank of a great power. William II., whose interests and pursuits are far more multifarious than even those of Frederick the Great, is also principally a soldier, and his desire to increase the territory of his country is more than an ambition with him; it is a violent passion, just as it was with Frederick the Great.

The Emperor is a soldier by nature. Nowhere does he feel more at home than amongst the officers of his army and navy, and he visits their mess-rooms very frequently, not as an Emperor, but as a comrade, and stays for hours with them, talking, jesting, and laughing; on the other hand, he has not been known to mix with civilians in a similarly cordial and unceremonious way. His military education, as well

as his inborn militidence which, together with his love for Frederickian traditions, have not only coloured his political views and ambitions, and influenced his ideas of government, but they have also tinged his public utterances, which therefore usually take the form of Imperial commands. Consequently, his frequent pronouncements on art and education, religion, socialism, &c., are not only of startling originality, but of a still more startling vigour, especially as the Emperor has never hesitated to fling the whole weight of his Imperial authority into the balance in order to enforce his private views upon an unwilling section of the community, or upon the whole nation.

The former rulers of Germany stood, on principle, above the parties. William II. has descended into the arena, and has joined the fray with the greatest vigour, and, sometimes, with very unfortunate results. Utterances such as the following are typical for his Majesty :—

"For me, every Social Democrat is synonymous with enemy of the nation and of the Fatherland."

This was addressed to the largest German party in his speech of the 14th May 1889.

"Suprema lex regis voluntas," written as a demonstration to parliamentary and popular opposition in the Golden Book at Munich.

"Sic volo sic jubeo," written under his portrait given to the Minister of Public Worship and Education.

"Only one is master in the country. That am I. Who opposes me I shall crush to pieces."

These sayings sound especially strange if we remember that Germany is not an absolute, but a

constitutional, monarchy, and that, for instance, the "crushing to pieces" of German subjects can only be effected by means of properly constituted and independent law courts. These utterances, and many more of similar purport, which have caused much speculation in other countries, and consternation in Germany, do not so much spring from the sudden impulse of a passionate mind as from the Emperor's deep-rooted conviction of his own ability, and from a mystical belief in the absolute monarchical power by Divine right, vested by Providence in the German Emperor.

Under the Imperial Constitution of 1871 the powers of the German Emperor are extremely great. The Constitution says :—

". . . The Emperor can declare war and conclude peace, make alliances, and other treaties, and nominate and receive ambassadors. (Art. 11.)

"The Emperor can call, open, adjourn, and dissolve the Federal Council and the Imperial Diet. (Art. 12.)

"The Emperor can issue and promulgate laws, and supervises their execution. The Imperial enactments . . . require the counter-signature of the Chancellor, who thereby assumes the responsibility for them. (Art. 17.)

"The Emperor nominates officials . . . and orders their dismissal." (Art. 18).

Besides appointing all Imperial officials, the Emperor appoints all officers of the German navy and of the Prussian army, as well as the highest officers of the armies belonging to the other German States included in the Empire.

Compared with the power of the British monarch, the power of the German Emperor with regard to foreign and home politics seems almost boundless. Nevertheless, William II. has not been satisfied with

this power, but has increased it at the cost of his Cabinet and of the Imperial Diet. Similar struggles for power may be found in nearly all constitutional monarchies, and at all times. I may recall the gentle struggle for power between Parliament and Crown under Henry VIII. and Elizabeth, and the violent ones under James I. and Charles I. Imperial decrees have been issued by the Emperor without the counter-signature of the Chancellor, required by Article 17 of the Constitution. Besides, it should not be forgotten that the counter-signature of the German Chancellor, who by counter-signing assumes the responsibility for the Emperor's acts, becomes a mere formality when the Chancellor is not an independent official, but simply an obedient tool whose duty it is to put the Imperial will on paper.

In Bismarck's time the actual administration of the country was in the hands of a Cabinet composed of responsible experts, and, what is more important for other countries, German policy was directed by the wise foresight, unrivalled experience, calm deliberation, and firmness of purpose, of a great statesman. Though Bismarck was generally believed to be all-powerful, if not tyrannical, a belief that stood him in good stead, his position, as a matter-of-fact, was much less commanding than is generally known. His plans had to be submitted to the Emperor, who, in his turn, used to talk the matter over with his wife. The old Emperor was the soul of honour, conservative, cautious, and somewhat slow to move. The Empress was pious and peace-loving, with a distinct leaning towards Liberalism. Consequently, Bismarck's boldness and dash in foreign affairs were often tempered by the Emperor's wisdom and caution, and the influence of the Empress over her husband

made for moderation in home affairs. In effect, the old Emperor acted as a brake upon Bismarck, and the Empress us a brake upon her husband. Thus William I. was to Bismarck what the House of Lords is to a Liberal House of Commons, and the combination of Bismarck, the Emperor, and his wife was an ideal one for foreign policy, insuring the even continuance of a vigorous, wise, discreet, and successful policy.

Whilst Bismarck was in office German foreign and domestic policy ran an even course, German policy was understandable abroad, and Bismarck did not embark upon many risky enterprises at once, but concentrated his master-mind upon a few really important questions. His policy was at the same time great and simple, as was his character. The present Emperor appears not to have the commanding talent of a Bismarck for foreign policy, nor is he subject to the restraining influences which moderated the more adventurous plans of the great Chancellor. Furthermore, William II. takes, apparently, as much interest in the direction of the army and navy, of shipping and commerce, of education, art, sport, and countless other matters, as he does in the direction of foreign politics. Consequently, he has not sufficient leisure to concentrate his mind upon foreign policy. Hence German foreign policy has become fitful, enigmatic, and unstable, a replica of the Emperor's impulsive character.

During Bismarck's Chancellorship, the Triple Alliance was a solid combination, a healthy business partnership, with a unity of purpose, whose reliability in case of war was not doubted even by its enemies. At present the Triple Alliance exists still in name, but its solidarity has been impaired; it has latterly

come dangerously near breaking up, and protestations as to its strength are becoming suspiciously frequent and painfully emphatic—especially on the part of Germany. However, notwithstanding the loudly assured impregnability of the Alliance, Austria and Italy have thought it wise, if not necessary, to enter into closer relations with France and Russia, in order to provide against certain contingencies, and Germany also is casting about for other possible partners. The Triple Alliance seems, in fact, to have become a paper fiction, a result which may be laid directly at the door of the German Emperor's restless and impulsive policy.

Bismarck's diplomatic activity after the Franco-German War was chiefly directed towards two great objects: the maintenance of the Triple Alliance, and the prevention of an alliance between France and Russia. As long as Bismarck was in office, France and Russia were kept asunder, and Germany could feel absolutely safe from foreign aggression. Therefore she was the strongest and most respected power on the Continent, and its arbiter. Soon after Bismarck's dismissal Germany ceased to be the first power on the Continent, and her place was taken by Russia, which for the time being, but possibly not for long, has been eclipsed by her defeat in the Far East. Through Russia's downfall, which must have been exceedingly welcome to German diplomacy, Germany has again become the leading power on the Continent. Whether she will keep that position will depend on Russia's recuperative power and the action of Germany's diplomacy.

Russia, who had been a reliable friend to Germany until William II. came to the throne, was estranged by the Emperor, and the traditional good relation

between Russia and Germany, which had proved so valuable to her in 1870, came to an end. Only fifteen months after Bismarck's dismissal, in July 1891, the rejoicings occasioned by the visit of the French fleet at Cronstadt proclaimed to the world, what politicians had known for some time, that William II. had not only been unable to continue the skilful isolation of France and to enjoy the friendship of Russia, but that the Emperor had even driven these powers into one another's arms, by sheer bad diplomacy. The work of which Bismarck was even more proud than of the fashioning of the Triple Alliance, the keeping apart of France and Russia, had thus been rapidly destroyed by his successor.

Since Bismarck has left, the German as well as the Prussian Cabinet have been filled not with independent Ministers whose activity is supervised by the Sovereign, but with figureheads whose power is extremely circumscribed. From a powerful, impersonal, and therefore national, ministerial policy by experienced men, tempered by the moderation of a wise and cautious ruler, German foreign and domestic policy has become the personal uncontrolled policy of a talented, vigorous, impulsive, and highly self-conscious monarch, and is tinged by accidents of his health, and by his personal feelings and prejudices.

The Emperor considers his Ministers not as experienced and independent chiefs of the Departments of State, entitled to opinions of their own, but as the executors of his will, and he removes them as soon as they do not succeed in fulfilling his wishes. Consequently his Ministers of State have been changed with surprising rapidity, a continuity of policy in foreign and home affairs has become impossible, pro-

jects of great importance are brought forward in an immature state, and dropped in nervous haste, and the suddenness with which the highest officials are being replaced has taught them that it is not safe for them to oppose or to criticise the wishes of the Emperor, and that it is wisest for them to execute his wishes without question.

Only in money matters has the German Parliament any weight with the Imperial will as represented by the Cabinet. The German Parliament was already in Bismarck's time little more than a money-voting and law-assenting machine, plus a general talking-shop, possessed of hardly any influence, and of no control whatever, over the administration and policy of the Government. However, it would not have happened in Bismarck's time that a costly expedition like the German China expedition would have been undertaken, and that fresh regiments would have been raised without the assent of Parliament.

The phenomenon of powerful and constant interference from an exalted quarter is to be found in Germany not only in matters of State, but is becoming more and more frequent in minor matters, for which the following anecdote, told by a prominent German architect, may serve as an illustration: Drawings for a new church in Berlin were submitted to the Emperor for assent or correction. His Majesty, intending to make a marginal remark with regard to the cross on the top of the steeple, put a letter for reference above the cross, and drew a straight line from the letter down to the cross. Then he changed his mind, and crossed the letter vigorously through. When the architect received back his plans he studied carefully all the Emperor's corrections, but mistook the crossed-through letter for a star. Knowing

better than to ask questions, he built the church, and put a big star on a huge iron pole high above the top of the cross. This strange excrescence was in existence a few years ago, and is probably still visible. For similar reasons many monuments and public buildings in Berlin and other parts of Germany are of astonishing ugliness.

Blind obedience has become the watchword in official circles throughout the Empire, and even in professorial appointments by the independent universities and in judicial decisions by independent judges a desire to please his Majesty and to nominate professors and to shape judgments in accordance with the Imperial wishes is becoming painfully apparent. As the Emperor, apart from the powers already cited, can influence those whom he wishes to influence by bestowing titles and decorations, and by social preferment, abject flattery has become rife in his surroundings and throughout the empire. Examples of such flattery by the highest dignitaries of the empire, described in Germany under the name of "Byzantinism," are on record.

The domestic policy of the Emperor has been an unfortunate one. His anti-Polish policy has infuriated the Poles, not only in Germany, but also in Austria, Germany's ally, where their number is very great, and where their influence upon the Government is very considerable.

The lack of toleration which has become characteristic of German home policy has driven the Liberal elements of Germany into the ranks of the Social Democratic Party, which is no more exclusively a party of malcontents, recruited from the labouring classes, but which now includes numerous manufacturers. merchants, bankers, professional men, &c.,

a proof of the discontent of the middle class. Social Democracy being the strongest party in Germany, people who wish for reforms begin to think it useless to support any of the numerous small and unimportant factions in the Reichstag, and vote for Social Democracy.

During the reign of William II. Social Democracy has become by far the strongest party in the empire. The following figures, showing the numbers of Social Democratic votes polled at the various general elections, are highly significant regarding the home policy of Germany under the government of the present Emperor, and prove the growth of popular discontent :—

	Total of Votes.	Social Democratic Votes.	Percentage of Social Democratic Votes.
1887	7,540,900	763,100	10.11 per cent.
1888		(Accession of William II.)	
1890	7,228,500	1,427,300	19.74 ,,
1893	7,674,000	1,786,700	23.30 ,,
1898	7,757,700	2,107,076	27.18 ,,
1903	9,495,586	3,010,771	31.71 ,,
1907	11,262,800	3,259,000	28.94 ,,

Is it to be wondered at that Social Democracy is growing by leaps and bounds, trebling its votes in ten years, when the Emperor began his reign as the "Arbeiter-Kaiser," called an international congress for the benefit of the German workers, and received their deputation, then turned round and proclaimed, "For me every Social Democrat is synonymous with enemy of the nation and of the Fatherland," and, lastly, had a Bill brought before the Reichstag, upon his personal initiative, making incitement to strikes a felony punishable with penal servitude, from three to five years? If anything was calculated to shake the confidence of the German workers in their Kaiser, and to increase, not to repress, Social Democracy, it

was the Emperor's untimely, impulsive, and ill-advised vigour and the "Penal Servitude Bill."

As there are more than a dozen weak and disunited parties, or rather factions, in the German Imperial Diet, and as Social Democratic teachings are fast spreading towards the country parts of Germany, the Social Democratic Party promises to acquire an overwhelming strength, and may in time become a dangerous opponent to the Cabinet policy at present prevailing in Germany, as will be shown in another place.

If we overlook the results of the Emperor's reign with regard to foreign politics, we find that up to the outbreak of the Russo-Japanese War Germany had to cede the first place in Europe to Russia, that the Triple Alliance has become little more than a name, that the Dual Alliance has become a potent and dangerous factor to Germany, that Great Britain has been estranged by the Emperor's desperate attempts to gain a footing in South Africa and on the Yangste, and that the United States have become suspicious of German designs after the well-known Manila incident, the Venezuela expedition, and various other occurrences due to the Emperor's initiative. In consequence of these and numerous other *faux pas*, Germany has estranged her former friends, and has created for herself many potential enemies.

As the Emperor has not succeeded in increasing his territories by the peaceful arts and stratagems of diplomacy, he has turned towards his armed forces, and has immensely strengthened his army and navy —a precaution which became absolutely necessary in view of his venturesome foreign policy, and the wavering attitude of his allies. A comparison of Germany's armed strength in 1888, the year of the

Emperor's accession, and its present strength will therefore be interesting :—

PEACE STRENGTH OF THE GERMAN ARMY

1888 . . .	491,726 men	84,091 horses	1,374 guns
1907 . . .	616,848 „	110,485 „	3,444 „
Increase	+125,122 men	+26,394 horses	+2,070 guns

This great increase of the peace army is, however, small if compared with the increase in its war strength. Since 1893 the three years' service with the infantry has been shortened to two years, and consequently the yearly enrolment of men for the army has risen from 185,224 men in 1888 to 277,548 men in 1902. As the mobilised German army consists of at least twelve of these yearly levies, it appears that the war strength of the German army has been increased under William II. by more than 1,000,000 soldiers.

The following was the strength of the German navy at the beginning of the Emperor's reign and in 1904 :—

1888 . .	189,136 tons	182,470 horse-power	15,573 men
1907 . .	549,879 „	801,320 „ „	46,951 „
Increase	+360,743 tons	+618,850 horse-power	+31,378 men

From these figures it appears that the strength of the German navy has been more than trebled under the Emperor's reign. However, it should be added that the incomparably larger German navy of the future, for which the Reichstag has voted credits, amounting together to more than £250,000,000, is at present only on the stocks.

The financial results which these greatly increased armaments have brought about are very interesting. The ordinary recurring expenditure alone for the

army has risen from 364,301,000 marks in 1888 to 638,233,000 marks in 1904, an increase of 75 per cent.; the navy estimates have risen from 48,675,000 marks in 1888 to 277,948,000 marks in 1907, a rise of 470 per cent. Furthermore, the debt of the young empire, exclusive of paper money, has risen from 486,201,000 marks in 1887 to 3,663,500,000 marks in 1906, or has grown more than sevenfold, and the total Imperial expenditure has mounted from 876,934,000 marks in 1888 to no less than 2,596,391,000 marks in 1907.

Germany has, fortunately, gone through a period of great industrial prosperity during the Emperor's reign, and these very heavy burdens have consequently been easily borne by the population. At the same time it cannot be doubted that the present burdens might prove extremely onerous to the people in a period of economic adversity, and that the trebling of the Imperial expenditure within fourteen years cannot be repeated indefinitely without ruining the country in the end.

If we survey the result of the Emperor's home policy, we find that the differences between the various religions, races, and classes within the empire have been sharply accentuated of late, largely owing to the policy of discrimination practised by the Government. To attain to the position of an officer, judge, magistrate, civil servant, university professor, or a school teacher, is easy for a Protestant, difficult for a Roman Catholic, and next to impossible for a Jew or a Pole. From the Government intolerance has spread to the public, and advertisements for clerks, apprentices, domestic servants, &c., stipulating their religion, can daily be found in the German press.

The result of the Emperor's Polish policy of

coercion is well known, and has been contrary to his expectation. Similarly his violent antagonism to the Social Democratic Party has given it an excellent advertisement, and has made it a powerful factor in Germany, and all the thundering anathemas lately launched against it have made it still stronger, as will probably be seen at the next general election. With these and other extreme measures the German Emperor has created among his adherents the belief in the omnipotence of "Machtpolitik," the policy of force; but, so far, the results of that policy, which is the natural policy of the soldier, but not of the politician, have been singularly disappointing. Strange to say, in the recent agitation for a huge increase of the fleet, and for the acquisition of colonies in temperate zones, the use of "Machtpolitik" was recommended by all the orators who, in the same breath, passionately condemned the policy of force and the rapacity of Anglo-Saxon nations, which crush weaker nations, as evidenced in the Boer War of Great Britain and in the Spanish War of the United States, and recommended at the same time the crushing of the Poles under the heel of Germany.

If we sum up, the net result of the Emperor's unceasing activity during the seventeen years of his reign seems to be that Germany has lost ground and prestige in foreign politics. At the same time, the Emperor has communicated his own nervous restlessness to the entire political atmosphere of the world. As regards home politics, dissatisfaction within the Empire has greatly increased, notwithstanding the great prosperity of the country, which usually tends to weaken the Radical parties, or at least to stop their progress. The friction between the classes has become more acute, the "State-subverting" parties,

as they are called in Germany, have become enormously strong, and none of the Emperor's great measures have materialised.

It is true that Germany has grown much richer during the Emperor's reign, and that the number of her inhabitants has increased by about ten millions, but these facts, for which he is not responsible, can offer him little consolation for his disappointments and foiled ambitions in the political field. On the other hand, William II. has certainly succeeded not only in strengthening his fleet and in increasing his army by more than a million soldiers, but he has also succeeded in maintaining it at about the same high degree of efficiency and general excellence to which Moltke had brought it, and in which the Emperor found it when he ascended the throne.

Being more a soldier than a diplomat, and being aware that the greatness of Germany was won on the field of battle, William II. has naturally turned in his political disappointments towards the *ultima ratio regis*. When his campaign against the Social Democrats had failed, he addressed the officers of the Berlin garrison, and admonished them to stand by him and to shoot the malcontents in case he commanded them to do so, as the Prussian soldiers shot the Berlin revolutionaries in 1848. Again, when his attempts at colonisation in the Philippines and his pro-Kruger campaign had failed, he turned towards his fleet. On the 9th October 1899, the Boers issued their ultimatum; nine days later, on the 18th October, the Emperor made the celebrated speech in Hamburg containing the winged words, "Bitter not ist uns eine starke Deutsche Flotte." German colonial aspirations in Africa had been foiled by British diplomacy, and the speech mentioned was

the starting-point of the violent anti-British agitation in Germany which culminated in the passing of a Bill authorising the expenditure of altogether about £200,000,000 for a fleet, intended, according to its preamble, to be so strong as to be able to oppose successfully the most powerful enemy on the seas.

Whilst the German Emperor is showering the most assiduous attentions upon England and America, as well as upon France and Russia, and while peace is in his mouth, his huge fleet is being built with the greatest possible despatch. Naturally enough, people have indulged in surmises against which power this enormous fleet is intended to be used. However, such speculations appear to be utterly vain, for it seems unlikely that either the huge German army of the present, or the proportionately equally huge German navy of the future, are intended for some clearly defined purpose. It would seem far more probable that the Emperor has arrived at the conviction that it will be impossible for him to acquire new territories in Europe or colonies abroad by peaceful means, and therefore he wishes to be absolutely ready to strike with both his army and navy, should a suitable opportunity offer for the acquisition of new territories in or out of Europe. Circumstances alone will determine against which power the German army and fleet will be used.

The German Emperor possesses a considerable versatility and flexibility of mind, which is sometimes described with a different name. First he sat at Bismarck's feet as his admiring disciple, then he dismissed his great master without ceremony, and completely changed the Bismarckian foreign and domestic policy of Germany. First he gave Caprivi

a free hand, then he ruled alone; first he took up the cause of the working men, and then he threw them over; first he was anti-colonial, and gave away the best German colonies in exchange for the then valueless rock of Heligoland, now he strains every nerve to acquire colonies; first he provoked France, and then he flattered her; first he flirted with the Poles, and now he forbids Polish school-children to say even their prayers in their own language.

In view of the Emperor's rapid and alarmingly frequent changes of mood, and the equally rapid and kaleidoscopic changes of his policy, in view of the bitterness which must have been engendered in his mind by the failure of his attempts at territorial aggrandisement and domestic legislation, and in view of the nearly absolute control which the German Emperor exercises, perhaps not *de jure* but certainly *de facto*, over the foreign policy of Germany and over her army and navy, it appears not unlikely that William II. may some day act against some "friendly" power with the same startling rapidity with which his great ancestor, Frederick the Great, acted against Austria, when he flung his armies into Silesia without any warning.

It has been said that this country has nothing to fear from Germany, because of the family ties which connect the Emperor with our own dynasty. Those who believe that sentimental considerations of a purely personal kind will be allowed to stand in the way of the Emperor's policy can hardly be acquainted with the diplomatic steps which William II. took against this country when he despatched his telegram to Mr. Kruger. They should also remember that the German Emperor placed himself unreservedly on the side of the Turks in the Greco-Turkish War,

notwithstanding the fact that his own sister is married to the heir to the Greek throne.

In view of the character of the German Emperor, his well-known ambitions and his enormous power, it would seem that those nations at the cost of which Germany could possibly increase her territory should ever be watchful, and should ever be prepared against sudden surprises. They would do well to study the pan-Germanic manifestoes, which, though they are, of course, disavowed and discredited in official circles, give certainly some indication of Germany's political aspirations. We find in them recommendations for the "alliance or absorption" of "Germanic" Holland, Switzerland, and Denmark, for the incorporation of the western half of Austria-Hungary, creating a German Empire stretching across Europe from the Baltic down to Trieste, and for the acquisition of colonies in a temperate zone in Asia Minor, South Brazil, Argentina, South Africa, or "wherever else opportunity should offer." How many of these projects will be accomplished within the Emperor's lifetime ?

The theory has often been advanced that the time of the personal policy of kings and emperors is gone never to return. The future may disprove that theory, and may prove the German Emperor a political factor of the greatest magnitude, and of unexpected influence upon the history of Europe and of the world. Since the storm which followed the publication of the *Daily Telegraph* interview in winter 1908 the German Emperor has stepped back from the world's stage. Has he done so for good ? It must be doubted. Men, and especially kings, do not easily change their character at a mature age.

CHAPTER XIII

THE SOCIAL DEMOCRATIC PARTY

ALMOST every country possesses a more or less turbulent party which is considered to be a party of subversion: Great Britain has the Irish Nationalists, France the Nationalists, Germany the Social Democrats. That subversive party represents either unruly or unhappy men of limited numbers who are united by a common grievance, such as the Irish Nationalists; or it is composed of a moderate number of malcontents of every kind, class, and description, who are loosely held together by their common desire to fish in troubled waters, such as the French Nationalists; or it consists of vast multitudes of all sorts and conditions of men, such as the Social Democrats in Germany, and is then the unmistakable symptom of deep-seated, wide-spread, and almost universal popular discontent. In Germany alone, of all countries in and out of Europe, it has happened that by far the strongest political party has received neither sympathy nor consideration at the hands of the Government. Instead, it has again and again, officially and semi-officially, been branded as the enemy of society and of the country, "Die Umsturzpartei," the party of subversion. For instance, at the Sedan banquet on the 2nd of September 1895, the present Emperor declared in a speech that the members of that vast party which had polled 1,786,000 votes in 1893 were "a band of fellows not

worthy to bear the name of Germans," and on the 8th of September in a letter to his Chancellor his Majesty called the Social Democrats "enemies to the divine order of things, without a fatherland."

It can hardly be doubted that in the future, and perhaps earlier than is generally expected, the Social Democrats will be called upon to play a great part in German politics, and possibly also in international politics, though their influence upon foreign policy would be indirect and unintentional. It would therefore seem worth while to look into the history, views, composition, and aims of that interesting party, which may be said to be in many respects unique. As the full history of the Social Democratic Party in Germany would be as bulky as that of the British Liberal Party, it will, of course, be impossible to give more than a mere sketch of it in these pages. It may, however, be found that a sketch brings out the essential points and light and shade more clearly and more strongly than would a lengthy and detailed account.

The creation of the Social Democratic Party in Germany, like the inauguration of many other political movements in that country, is not due to the practical politician but to the bookish doctrinaire. Roughly speaking, it may be said that that party has been created by the writings of the well-known Socialist authors, Karl Marx, Friedrich Engels, and Ferdinand Lassalle. It suffices to mention these names in order to understand that German Social Democracy was at first animated by the spirit of the learned and well-meaning, but somewhat nebulous and very unpractical, idealists who had read many books, and who sincerely wished to lead democracy from its misery and suffering straight into a millennium of

their own creation, without delay and without any intermediate stations.

The fate of the followers of Marx, Engels, and Lassalle varied greatly. Some of them dissented and founded comparatively unimportant political schools and groups of their own, some became anarchists like Johann Most, some lost themselves in theoretical speculations and became respectable professors; but the vast majority of Lassalle's followers developed into the Social Democratic Party in Germany, and that party became, by gradual evolution, the level-headed political representative of German labour under the able guidance of talented working men. Its present chief is the turner, August Bebel, and among the most prominent members of the party are workmen such as Mr. Grillenberger, a locksmith; Mr. Auer, a saddler; Messrs. Molkenbuhr and Meister, cigar-workers; Mr. Bernstein, the son of an engine-driver; Mr. von Vollmar, formerly a post-office official. Working men such as those mentioned manage, lead, and control the party, which may be said to embrace about 3,000,000 men, and maintain perfect order and absolute discipline amongst that vast number.

From its small beginnings up to the time of its present greatness, German Social Democracy has been democratic in the fullest sense of the word. Some working men of a similar stamp to those mentioned, together with Wilhelm Liebknecht, a poor journalist, created the party, organised it, and led it. These leaders were always under the constant and strict control of the members of the party. Individual members often inquired, sometimes in an uncomfortably democratic spirit, not only into the expenditure of the meagre party fund, which for a long

time did not run into three figures, and of which every halfpennny had to be accounted for, but even cross-examined the party leader, the aged Liebknecht, as to his household expenses, and censured him for taking a salary as editor-in-chief of the *Vorwärts*, the great Social Democratic Party organ, and keeping a servant, instead of living like an ordinary working man.

The idea of absolute equality, which is often found in small democratic societies, but which is usually lost when the society expands into a party, especially if that party is of enormous size, has been strictly preserved by the Social Democrats in Germany. This conservation of its original character was all the easier as the party had neither a great nobleman nor a distinguished professor for a figure-head, nor even wealthy brewers and bankers for contributors to the party fund, who might have influenced the party policy as they do in this country. Thus the Social Democratic Party was, and has remained, essentially a Labour Party ; it has preserved its truly democratic, one might almost say its proletarian, character. However, it has been sensible enough not to write consistency on its banners, and has quietly dropped one by one the Utopian views and doctrines which it had taken over from the bookish doctrinaires who were its originators.

The Constitution of the German Empire gave universal suffrage to its citizens, and the number of Social Democratic votes, which had amounted to only 124,700 in 1871, rose rapidly to 342,000 in 1874, and to 493,300 in 1877. Bismarck had been watching the rapid development of Social Democracy with growing uneasiness and dislike, and was casting about for a convenient pretext to strike at it when, on the

11th of May, 1878, Hödel, an individual of illegitimate birth, besotted by drink, and degraded by vice, and consequent disease, fired a pistol at the Emperor William.

Long before his attempt on the Emperor, Hödel had been expelled from the Social Democratic Party, to which he had once belonged, on account of his personal character and his anarchist leanings, and he had joined the "Christian Socialist Working Men's Party" of Mr. Stöcker, the court preacher. Consequently it was not possible, by any stretch of imagination, to lay the responsibility for his attempt at the doors of the Social Democratic Party. Nevertheless, Bismarck endeavoured to turn this attempt to account in the same way in which, in 1874, he had laid the moral responsibility for Kullmann's murderous attempt on himself upon the Clerical Party, against which he was then fighting. He at once brought forward a Bill for the suppression of Social Democracy, but that Bill was rejected by 251 votes against 57.

By one of those fortunate coincidences which have always played so conspicuous a part in Bismarck's career, a second attempt on the Emperor's life was made by Nobiling, only three weeks after that of Hödel, and this time the aged monarch was very seriously wounded. At one moment the doctors feared for his life, but in the end the copious bleeding was a blessing in disguise, for it rejuvenated the Emperor in mind and body.

The two murderous attempts, following one another so closely, naturally infuriated the population of Germany, and, though Nobiling also was not a Social Democrat, Bismarck succeeded this time in turning the feelings of the people against Social Democracy. He immediately dissolved the Reichstag and fanned

the universal indignation at the crime to fever heat by his powerful press organisation ; in the numerous journals throughout the land which were influenced from the Chancellory in Berlin, it was constantly declared that these repeated outrages were the dastardly work of Social Democracy. At the same time a reign of terrorism against Social Democracy was initiated by the German police authorities. Countless political meetings of the Social Democrats were forbidden, a large number of Social Democratic newspapers were suppressed, and the law courts inflicted in one month no less than 500 years of imprisonment for *lèse-majesté*.

During the enormous excitement prevailing and in the seething turmoil caused by those two attempts, by the critical state of the Emperor, by the passionate campaign of the semi-official press against the Social Democratic Party, and by the relentless persecutions waged against the members of that party by the police, the new elections took place, and, naturally enough, their result was that a majority in favour of exceptional legislation against Social Democracy was returned into the Reichstag. Bismarck brought the famous Socialist Law before Parliament without delay, and it was quickly passed, and was published on the 21st October in the *Reichsanzeiger*.

Then the reign of terror, of which the Social Democrats had already received a foretaste, began in earnest for that unhappy party. Within eight months the authorities dissolved 222 working men's unions and other associations, and suppressed 127 periodical publications and 278 other publications, by virtue of the discretionary powers given to them by the Socialist Law. Innumerable *bona fide* co-operative societies were compelled by the police to

close their doors without any trial and without the possibility of appeal, and numerous Social Democrats were equally summarily expelled from Germany at a few days' notice, through the discretion which the new Act had vested in the police. Many were placed under police supervision, others were not allowed to change their domicile. Thousands of Social Democrats were thus reduced to beggary, many being thrown into prison, and many fleeing to Switzerland, England, or the United States.

The first effect of the new law upon Social Democracy was staggering. The entire party organisation, the entire party press, and the right of the members of the party to free speech, had been destroyed by the Government, and for the moment the party had become a disorganised and terrified mob. Everywhere in Germany scenes of tyranny were enacted by the police. In Frankfort-on-the-Main, a Social Democrat was buried, and, for some trifling reason, the police attacked the mourners in the very churchyard with drawn swords, and thirty to forty of the men were wounded. In 1886 a collision took place between some Social Democrats and some policemen in plain clothes, who, according to Social Democratic evidence, were not known to be policemen. With incredible severity, eleven of the Social Democrats were punished for sedition, some with no less than ten and a half years' penal servitude, some with twelve and a half years of imprisonment. For the moment the Social Democratic Party was staggered by the rapidly succeeding blows. The election of 1878 reduced the number of Social Democratic votes from 493,300 to 437,100, and in the next election, that of 1881, it sank even as low as 312,000.

Prosecutions were not brought merely against such Social Democrats as were considered lawbreakers by the local authorities and the police. On the contrary, the German Government directed the law with particular severity against the intellectual leaders of the party in Parliament, in the vain hope of thus extirpating it. Bebel and Liebknecht, the heads of the party and its leaders in the Reichstag, were dragged again and again before the law courts by the public prosecutor, often only in the attempt to construct, by diligent cross-examination, a punishable offence out of some inoffensive words which they had said, and time after time the prosecution collapsed ignominiously, and both men were found not guilty; time after time they were condemned to lengthy terms of imprisonment for *lèse-majesté*, high treason, and intended high treason.

Liebknecht received his last conviction of four months of imprisonment, for *lèse-majesté*, as a broken man of nearly seventy years, and even his burial in August 1900 was marked by that petty and annoying police interference under which he had suffered so much during his life. No less than 2000 wreaths and other floral tributes had been sent by Liebknecht's admirers, yet, in the immense funeral procession, in which about 45,000 people took part, not one wreath, not one banner was to be seen, for the police had forbidden their inclusion in the procession. Though hundreds of thousands of Social Democrats attended the funeral in the procession and in the streets of Berlin, and in spite of the provocative orders of the police, no breach of the peace occurred, no arrest took place, an eloquent testimonial to the orderliness and discipline of the party of subversion.

Bismarck soon recognised that his policy of force

and violence promised to be unsuccessful. Therefore he tried not only to vanquish Social Democracy by breaking up the party organisation, confiscating its books and documents, by destroying the party press, and by taking from Social Democrats the right of free speech, but he tried at the same time to reconcile the German working men with the Government that persecuted them by a law instituting State Insurance for workmen against old age and disablement, in order to entice them away from their leaders, and to make them look to the State for help. However, his Workmen's Insurance Laws failed to fulfil the chief object which they were to serve.

According to the Social Democratic leaders the Imperial Insurance scheme kept not one vote from Social Democracy, especially as the Insurance Law did not satisfy the workers by its performance. German workmen complain that the benefits which they derive under the Insurance scheme are purely nominal, that the premiums paid come chiefly out of their own pockets, that the contributions made by the employers are insufficient, and that the cost of the management is excessive. Consequently it is only natural that this law has failed to appease outraged German democracy, and that it is scorned by it as a bribe.

Gradually the terror of prosecution wore off and became familiar to Social Democrats, political meetings were held in secret, party literature printed in Switzerland was smuggled over the frontier and surreptitiously distributed. By-and-by the party pulled itself together, and found that determination and perseverance which are only born from adversity, and which are bound to lead individuals and parties possessing these qualities to greatness. The campaign

of oppression and the creation of martyrs had done its work. As Bismarck had created the greatness of the Clerical Party by the "Kulturkampf," with its prosecution of Roman Catholicism, even so he created the greatness of the Social Democratic Party. Social Democracy began again to take heart, and, from 1881 onwards, we find a marvellous increase in the Social Democratic votes recorded, notwithstanding, or rather because of, all the measures taken against it by the Government. In eighteen years the Social Democratic vote has increased sevenfold. The astonishing progress of the party since 1881 is apparent from the following table :—

Election.	Social Democratic Votes polled.	Total Votes polled.	Percentage of Social Democratic Votes.
1881	312,000	5,097,800	6.12 per cent.
1884	550,000	5,663,000	9.68 ,,
1887	763,100	7,540,900	10.11 ,,
1890	1,427,300	7,228,500	19.74 ,,
1893	1,786,700	7,674,000	23.30 ,,
1898	2,107,076	7,752,700	27.18 ,,
1903	3,010,771	9,495,586	31.71 ,,
1907	3,259,000	11,262,800	28.94 ,,

When Bismarck saw Social Democracy increasing, notwithstanding all his efforts at repression, he tried another method. It happens very frequently in Germany that three, four, or more candidates, representing as many parties, stand for one seat. If in such a case none of the candidates obtains a majority over the combined votes given to all the other candidates, a second poll has to take place between the two candidates who have received the largest number of votes, whilst the other candidates have to withdraw. In the elections of 1898, for

instance, a second poll took place for no less than 48 per cent. of the seats. In order to destroy the chances of Social Democratic candidates in the very frequent second polls, Bismarck and his press used to constantly brand the Social Democratic Party as the State-subverting Party, and to enjoin "the parties of law and order," as he called the other parties, to stand shoulder to shoulder against the common enemy of Society and of the Fatherland.

Seventeen years have passed since Bismarck's dismissal, but official Germany has not yet discovered a new method for the treatment of Social Democracy, and therefore it merely copies Bismarck's example. The Social Democratic Party is still loudly denounced to every good patriot as the party of subversion, which has to be shunned and combated, and thus the election managers of the numerous parties and factions, which number more than a dozen, have, up to now, in case of a second poll, preferred giving the votes of their party to the candidate of any other party to incurring the odium in official circles of having helped a Social Democrat into the Reichstag. But voices of protest begin to be heard all over Germany against the official fiction which brands Social Democracy as a pest, the enemy of the Country, of Society, of Monarchy, of Family, and of the Church. In December 1902, Professor Mommsen, the greatest German historian, wrote in the *Nation*:—

"There must be an end of the superstition, as false as it is perfidious, that the nation is divided into parties of law and order on the one hand, and a party of revolution on the other, and that it is the prime political duty of citizens belonging to the former categories to shun the Labour Party as if it were in quarantine for the plague, and to combat it as the enemy of the State."

In March 1890 Bismarck was dismissed by the present Emperor, and a few months later the exceptional law against Social Democracy disappeared. The net result of that law had been that 1500 Social Democrats had been condemned to about 1000 years of imprisonment, and that the Social Democratic vote had risen from 437,158 to 1,427,298. The effect of the Socialist Law, with all its persecution, was the reverse of what Bismarck had expected, for it has made that party great. If less drastic means had been employed by Bismarck, if less contempt and contumely had been showered upon Social Democracy by the official classes and society, and if instead consideration for the legitimate wishes and confidence in the common sense of the working men's party had been shown by the Government, Social Democracy would not have attained its present formidable strength.

Among the various causes which led to the rupture between the present Emperor and Prince Bismarck, a prominent place may be assigned to the difference in their views with regard to the treatment of Social Democrats. When William the Second came to the throne he clearly saw the failure of Bismarck's policy of oppression, and, probably influenced by the liberal views of his English mother, resolved to kill Social Democracy with kindness. This idea dictated his well-known retort to Bismarck, "Leave the Social Democrats to me; I can manage them quite alone!" Even before Bismarck's dismissal William the Second demonstrated to the world his extremely liberal view regarding the German workmen with that astonishing impetuousness and with that complete disregard of the views of his experienced official advisers to which the world has since become accustomed. On

the 4th of February 1890 an Imperial rescript was published which lacked the necessary counter-signature of the Imperial Chancellor, whereby the responsibility for that document would have been fixed upon the Government. This Imperial pronouncement declared it to be the duty of the State " . . . to regulate the time, the hours, and the nature of labour in such a way as to insure the preservation of health, to fulfil the demands of morality, and to secure the economic requirements of the workers, to establish their equality before the law, and to facilitate the free and peaceful expression of their wishes and grievances." A second rescript called together an International Conference for the Protection of Workers.

These Imperial manifestations, which emanated directly from the throne, were greeted with jubilation by German democracy; but the extremely liberal spirit which these documents breathed vanished as suddenly as it had appeared, and gave way to more autocratic and directly anti-democratic pronouncements, with that surprising rapidity of change which has become the only permanent and calculable factor in German politics. Whilst the words of the Imperial rescripts were still fresh in every mind, and whilst German democracy still hoped to receive greater consideration at the hands of the Government than heretofore, and looked for a more liberal and more enlightened régime, messages like the following, addressed to democracy, fell from the Imperial lips :—

> We Hohenzollerns take Our crown from God alone, and to God alone We are responsible in the fulfilment of Our duties.
>
> The soldier and the army, not Parliamentary majorities and resolutions, have welded together the German Empire.
>
> *Suprema lex regis voluntas.*

Only One is master in the country. That am I. Who opposes Me I shall crush to pieces.

Sic volo, sic jubeo.

All of you shall have only one will, and that is My will; there is only one law, and that is My law.

Parliamentary opposition of Prussian nobility to their King is a monstrosity.

For Me every Social Democrat is synonymous with enemy of the nation, and of the Fatherland.

On to the battle, for Religion, Morality, and Order, and against the parties of subversion. Forward with God! Dishonourable is he who forsakes his King!

The Emperor did not confine himself to making in public pronouncements highly offensive and hostile to German democracy such as those mentioned, but set himself the task of actively combating Social Democracy. Consciously or unconsciously, he gradually dropped into Bismarck's ways, which he had formerly condemned, and copied, to some extent, Bismarck's methods, Bismarck's tactics, and Bismarck's mistakes. When, on the 13th of October 1895, a manufacturer named Schwartz was murdered in Mülhausen by a workman who had been repeatedly convicted of theft, William the Second telegraphed to his widow, "Again a sacrifice to the revolutionary movement engendered by the Socialists," imitating Bismarck's attempt at foisting the guilt for an individual crime upon a Parliamentary party which then comprised 2,000,000 members.

The Socialistic Law of 1878 had been a complete failure, as has already been shown. Nevertheless, the Government tried not exactly to revive it but to introduce, under a different title, a near relative of that law of exception, which breathed the same spirit of intolerance and violence; for in 1894 a Bill which is known under the name "Umsturz Vorlage" (Sub-

version Bill) was brought out by the Government. This Bill made it punishable "to attack publicly by insulting utterances Religion, the Monarchy, Family, or Property in a matter conducive to provoke a breach of the peace, or to bring the institutions of the State into contempt." That Bill, which, with its flexible provisions, would have allowed of the most arbitrary interpretations, and would have virtually given a free hand to the police and to public prosecutors and judges anxious to show their zeal and patriotism in the relentless persecution of Social Democracy, was thrown out in the Imperial Reichstag. Notwithstanding the failure of that Bill another Bill, of similar character, but intended for Prussia alone, was laid before the Prussian Diet on the 10th of May 1897, empowering the police to dissolve all meetings "which do not conform with the law, or endanger public security, especially the security of the State or of the public peace." This Bill also was rejected by the Prussian Diet.

Shortly after this second failure, William the Second made another and still more startling attempt to suppress Social Democracy. On the 5th of September 1898, he declared at a banquet in Oeynhausen, ". . . A Bill is in preparation, and will be submitted to Parliament, by which every one who tries to hinder a German worker who is willing to work from doing his work, or who incites him to strike, will be punished with penal servitude." Naturally this announcement, which promised that strikers and strike-agitators would in future be treated as felons, created an enormous sensation throughout the country. After a delay of nine months, which betrayed its evident hesitation, the Government brought out a Bill, which, however, had been con-

siderably toned down with regard to its promised provisions. Still it was draconic enough, for it made threats against non-strikers, inducing to strike, and picketing punishable with imprisonment up to one year. Its *pièce de résistance* was the following paragraph :—

"If, through a strike, the security of the Empire or of one of the single States has been endangered, or if the danger of loss of human lives or of property has been brought about, penal servitude up to three years is to be inflicted on the men, and penal servitude up to five years on the leaders."

This Bill, like that of 1894, possessed an unpleasant elasticity which could make it an instrument of tyranny in the hands of judges anxious to please in an exalted quarter, and the "Penal Servitude Bill," which had so rashly and so loudly been announced *urbi et orbi* by his Majesty, shared the ignominious fate of the two Bills before mentioned.

The attempt to pass a Bill of repression directed against Social Democracy through either the Reichstag or the Prussian Diet will probably not be so soon renewed by the Emperor; but those who know William the Second can hardly doubt that his Majesty deeply resents his repeated failure to crush Social Democracy by legislation, notwithstanding the repeated "solemn promises" which he has made in public that he would initiate such legislation. Therefore the question is often raised among the people, "Will the impetuous Emperor continue to tamely give way to Social Democracy and to the Reichstag, or what will he do to enforce his will?"

The Conservative parties and the National Liberal Party, which cultivates only that kind of Liberalism which is pleasing to the Government, have already loudly recommended a solution of that difficulty. I

give the views of some of the most prominent members of the Conservative Party. Count Mirbach stated at the meeting of his party, on the 1st of January 1895, that universal suffrage was a derision of all authority, and recommended the abolition of the secret ballot. The same gentleman stated in the Prussian Upper House, on the 28th of March 1895, "The country would greet with jubilation a decision of the German Princes to create a new Reichstag on the basis of the new Election Law." In the same place Count Frankenberg stated two days later, "We hope to obtain a new Election Law for the German Empire, for with the present Election Law it is impossible to exist." Freiherr von Zedlitz, Freiherr von Stumm, and Von Kardorff uttered similar sentiments. At the meeting of the Conservative Party on the 8th of March 1897, Freiherr von Stumm said, "The right to vote should be taken away from the Social Democrats, and no Social Democrat should be permitted to sit in the Diet," and Count Limburg-Stirum likewise advocated their exclusion. The official handbook of the Conservative Party, most Conservative and many Liberal papers, have warmly applauded these views, whereby a *coup d'état* by the Government is cordially invited.

Will the Emperor listen to these sinister suggestions when the difficulties in German home politics become acute, for their chief importance lies in the fact that they have largely been made in the confident assumption that they would please William the Second. Will he act rashly on the impulse of the moment, or will he act with statesmanlike prudence? Or will he allow a chance majority of Conservatives and National Liberals to alter the Constitution and to disfranchise democracy? So much is certain, that

the Emperor's personal influence for good or for evil will be enormous when the Social Democratic question comes up for settlement. Will he use his vast power with the recklessness of the soldier or with the caution of the politician ?

The aims of the Social Democrats in Germany, generally speaking, are similar to those of the workers in all other countries—they wish to better themselves politically, economically, and socially.

Politically, German democracy is not free. Though universal suffrage exists for the Imperial Reichstag, it little helps German democracy, for the German Parliament has far less power over the Government than had the English Parliament under Charles the First. The facts that the Emperor can, at will, dissolve Parliament, according to Article 12 of the Constitution ; that he nominates and dismisses officials, according to Article 18 ; and that the Cabinet is responsible only to the Emperor, prove, if any proof is needed, the helplessness of the German Parliament before the Emperor and his officials, who are nominated and dismissed, promoted and decorated by him, and by him alone. Parliament in Germany has no control whatever over, and hardly any influence upon, the policy of the Empire and upon its administration. Its sole duty is to vote funds and laws.

In the single States, German democracy fares still worse. The election for the Prussian Diet, to give an instance, takes place upon the following system. The whole body of the electors is divided into three classes according to the amount of taxes paid, each class contributing an equal amount and having the same voting power. The practical working of this curious system may be illustrated by the case of Berlin. The

voters of Berlin belonging to those three classes were in 1895 distributed in the following way :—

Voters of the first class	1,469
,, ,, second class	9,372
,, ,, third class	289,973
Total of voters in Berlin .	300,814

The figures given prove that the three classes system is the capitalistic system *par excellence*, for each of the rich men voting in the first class in Berlin possesses two hundred votes, each of the well-to-do men in the second class has thirty votes, and the combined first and second classes, or 3½ per cent. of the electorate in the case of Berlin, form a solid two-thirds majority over the remaining 96½ per cent. of the electorate. There are, besides, some further complications in that intricate system which it would lead too far to enumerate. At any rate, it is clear that that kind of franchise is worthless to democracy. A similar kind of franchise prevails in other German States.

Socially also, German democracy has much to complain of. Except in the large centres, the position of the German working man is a very humble one. There are two words for employer in German, which are frequently heard in Germany, "brodgeber" and "brodherr," which translated into English mean "breadgiver" and "breadmaster." These two words may be considered illustrative of the German worker's position toward his employer in the largest part of the country. Further grievances of German Social Democracy are the all-pervading militarism, the exceptional and unassailable position of the official classes, the prerogatives of the privileged classes, and the widespread immorality which has undermined and debased

the position of woman in Germany. Nothing can better illustrate the latter grievance of Social Democracy, which is not much known abroad, than reference to the daily papers. For instance, in a number of the *Lokalanzeiger* under my notice, there are to be found the following advertisements :—

Seventy-four marriage advertisements (some doubtful).
Forty-nine advertisements of lady masseuses (all doubtful).
Nine demands for small loans, usually of £5, by "modest widows" and other single ladies (all doubtful).
Six acquaintances desired by ladies (all doubtful).
Five widows' balls, "gentlemen invited, admission free" (all doubtful).
Thirty apartments and rooms "without restrictions" by the day (all doubtful).
Forty-seven maternity homes, "discretion assured; no report home" (all doubtful).
Sixteen babies to be adopted.
Sixteen specialists for contagious disease.

These advertisements, found in one daily journal of a similar standing to that of the *Daily Telegraph*, and similar in kind and extent of circulation, explain better the state of morality in Germany, and the consequent attitude of the German Social Democratic working man towards morality, than would a lengthy dissertation illustrated with voluminous statistics. This state of affairs explains the importance with which the question of morality and of the position of women is treated in the political programme of Social Democracy, and redounds to the credit of the German working man.

In order to become acquainted, not only with the actual wishes of Social Democracy, but also with the tone in which those wishes are expressed, and with the manner in which they are formulated, we cannot do better than turn to the *Official Handbook for Social*

Democratic Voters of 1898. The passages selected are such as prove in the eyes of German officialdom that Social Democracy is the enemy of the Country, of Society, of Monarchy, of the Family, and of the Church. At the same time, they clearly show the fundamental ideas of that party, and clearly reveal the spirit by which it is animated. The *Handbook* says :—

"The aim of Social Democracy is not to divide all property, but to combine it and use it for the development and improvement of mankind, in order to give to all a life worthy of man. Work shall become a duty for all men able to work. The word of the Bible, 'He that does not work neither shall he eat,' shall become a true word.

"Marriage, in contradiction to religious teachings, is in innumerable cases a financial transaction pure and simple. Woman has value in the eyes of men only when she has a fortune, and the more money she has the higher rises her value. Therefore marriage has become a business, and thousands meet in the marriage market, for instance, by advertisements in newspapers, in which a husband or a wife is sought in the same way in which a house or a pig is offered for sale. Consequently unhappy marriages have never been more numerous than at the present time, a state of affairs which is in contradiction to the real nature of marriage. Social Democracy desires that marriages be concluded solely from mutual love and esteem, which is only possible if man and woman are free and independent, if each has a free existence and an individual personality, and is therefore not compelled to buy the other or to be bought. This state of freedom and equality is only possible in the socialistic society.

"Who desires to belong to a Church shall not be hindered, but he shall pay only for the expenses of his Church together with his co-religionists.

"The schools and the whole educational system shall be separated from the Church and religious societies, because education is a civil matter.

"The God of Christians is not a German, French, Russian, or English god, but a God of all men, an international God. God is the God of love and of peace, and therefore it borders upon blasphemy that the priests of different Christian nations

invoke this God of love to give victory to their nation in the general slaughter. It is equally blasphemous if the priest of one nation prays the God of all nations for a victory over another nation. In striving to found a brotherhood of nations and the peaceful co-operation of nations in the service of civilisation, Social Democracy acts in a most Christian spirit, and tries to realise what the Christian priests of all nations, together with the Christian monarchs, hitherto would not, or could not, realise. By combining the workers of all nations, Social Democracy tries to effect a federation of nations in which every State enjoys equal rights, and in which the peculiarities of the inner character of every nation may peacefully develop."

In reading through the lines quoted, or indeed through the whole book, or the whole Social Democratic literature available, one cannot help being struck with respect for this huge party of working men and its powerful aspirations towards a higher level, notwithstanding a certain crudity of thought, and a certain amateurishness of manner which occasionally betrays itself, but which time and experience will easily rectify.

Ideas such as those quoted have been instrumental in framing the programme of the party, which is idealistic as well as utilitarian. The ten demands of the programme are given in abstract :—

(1) One vote for every adult man and woman; a holiday to be election day; payment of members.
(2) The Government to be responsible to Parliament; local self-government; referendum.
(3) Introduction of the militia system.
(4) Freedom of speech and freedom of the press.
(5) Equality of man and woman before the law.
(6) Disestablishment of the Churches.
(7) Undenominational schools, with compulsory attendance and gratuitous tuition.

(8) Gratuitousness of legal proceeding.
(9) Gratuitous medical attendance and burial.
(10) Progressive Income Tax and Succession Duty.

Were the Social Democrats as black as they have been painted, the leaders could not have kept the millions of their followers in such perfect order. Again, if the Social Democratic politicians were selfish or mercenary, as has been asserted, they would not die poor men. Liebknecht once said, and his case is typical for the leaders of Social Democracy, "I have never sought my personal advantage. If I am poor after unprecedented persecutions, I do not account it a disgrace. I am proud of it, for it is an eloquent testimony to my political honour." The *Kölnische Zeitung*, commenting on these words, justly observed, "It would be unjust to deny Social Democracy the recognition of the high personal integrity of its leaders." While the gravest scandals have discredited more than one German party and its leaders, the Social Democratic Party has, so far, stood immaculate—an eloquent vindication of the moral force of democracy, which force has been so thoroughly misunderstood in Germany.

The lack of understanding and of sympathy with Social Democracy and its aims is not restricted to official circles in Germany, which are entirely out of touch with democracy. Typical of these views on Social Democracy is the following pronouncement by Professor H. Delbrück, the distinguished historian, which appeared in the *Preussische Jahrbücher* for December 1895 :—

"The duty of the Government is not to educate Social Democracy to decent behaviour, but to suppress it, or, if that should be impossible, at least to repress it, or, if that be impossible, at least to hinder its further growth. . . . What is

necessary is that the sentiment should be awakened among all classes of the population that Social Democracy is a poison which can be resisted only by the strongest and united moral opposition."

German democracy in the shape of the Social Democratic Party can not only raise the claim of moral force and numerical strength, of discipline and integrity, but can also be proud of the consummate political ability of its leaders and of the spirited support which these leaders have received from all the members of the party. No better and no juster testimonial, with regard to these qualities, can be given than the recent pronouncement of the great German historian, Professor Mommsen :—

"It is unfortunately true that at the present time the Social Democracy is the only great party which has any claim to political respect. It is not necessary to refer to talent. Everybody in Germany knows that with brains like those of Bebel it would be possible to furnish forth a dozen noblemen from east of the Elbe in a fashion that would make them shine among their peers.

"The devotion, the self-sacrificing spirit of the Social Democratic masses, impresses even those who are far from sharing their aims. Our Liberals might well take a lesson from the discipline of the party."

Whilst other German parties have split into factions or have decayed, owing to the unruliness of their undisciplined members or to the apathetic support given by the voters, or to the skilful action of the Government which brought about disintegration, the Social Democratic Party alone in Germany has, since its creation, constantly been strong and undivided, notwithstanding the many and serious difficulties which it has encountered. It is, no doubt, by far the best-led, the best-managed, and the most

homogeneous party in Germany, and is, indeed, the only party which, from an English point of view, can be considered a party. Similarly, there is in Germany no journal more ably conducted, for the purpose which it is meant to serve, than the Social Democratic Party organ the *Vorwärts*.

The Social Democratic Party does not possess in the Reichstag that numerical strength which one might expect from the numerical strength of its supporters, for it is greatly under-represented in that assembly. This great under-representation springs partly from the fact that, in the frequently occurring second polls, the other parties have usually combined to oust the Social Democratic candidate as before related; partly it is due to the fact that German towns are still represented by the same number of deputies as they were in 1871, notwithstanding the immense increase in the German town population since that year. No redistribution has been effected or seems likely to be effected, because the German Government does not wish to strengthen the Liberal and Social Democratic parties which, so far, have had their chief hold on the towns, and Parliament has no means of enforcing redistribution. Owing to the rapid growth of the towns, they are greatly under-represented, whilst the country is correspondingly over-represented. In 1893 the voters in the Parliamentary country divisions of the Empire numbered on an average 22,537, whilst the voters in the town divisions numbered on an average 41,098, and that disproportion has been still further increased since 1893. In that year there were seventy-five Parliamentary country divisions with less than 20,000 voters, whilst there were twenty-nine town divisions with more than 40,000 voters; and in consequence

of this state of affairs it happens that Schaumburg, with only 8,987 voters, and the district Berlin VI., with no less than 142,226 voters, are each represented in the Imperial Diet by one deputy. Berlin is entitled to eighteen deputies, yet it is represented in the Reichstag by only six deputies.

How enormous is the disproportion between votes and representatives in the Reichstag, and how this disproportion works in favour of the two Conservative parties and of the Conservative Clerical Party, and to the disadvantage of the Liberal Parties and the Social Democratic Party, may be seen from the following table :—

Result of the General Election of 1903.

	Votes.	Members in Imperial Diet.	Average Number of Votes per Member.
Social Democrats .	3,259,000	43	75,790
Centre (Roman Catholic Party) .	2,179,800	104	20,959
National Liberals .	1,637,000	55	29,764
Conservatives . .	1,060,200	62	17,132
Freisinnige(People's) Party	736,000	27	27,259
Free Conservatives .	471,900	24	19,662
Poles	453,900	20	22,695
Seven parties and factions	1,465,000	61	24,016
Total	11,262,800	396	28,441

The consequence of this disproportion of votes to members in the different parties is that the Social Democrats, who command 28.94 per cent. of the votes, have only 10.9 per cent. of the seats in the Reichstag, whilst the Conservative Party, with only

9.4 per cent. of the votes, has 18.24 per cent. of the seats, and the conservatively-inclined Centre Party, with 19.33 per cent. of the votes, has no less than 26.26 per cent. of the seats. Based upon the same proportion of votes to members which obtains with the Centre Party and with the two Conservative Parties, the representatives of the Social Democratic Party in the Imperial Diet should have numbered more than 150, and not 43.

Whilst Social Democracy has been flourishing and increasing, the various Liberal parties in Germany have been decaying for many years. The reason for that phenomenon is that the Liberal Party has striven to represent only such Liberalism as was approved of by the Government. Therefore Liberalism shunned the Social Democratic Party and its leaders, in Parliament and out of it, like poison, in accordance with the official *mot d'ordre*. Consequently the liberally-inclined German workman, small trader, clerk, teacher, &c., whom that approved Court Liberalism—which in reality was Conservatism in disguise—did not suit, dropped Liberalism and gave his vote to the Social Democratic candidate. But the German Liberal Party leaders were blind and obstinate, and thus the disintegration of their following is proceeding further. Now the well-to-do Liberal citizens also are beginning to turn away from the Liberal parties in large numbers, disgusted with the servile attitude which these parties have adopted, and are joining Social Democracy, hoping for reforms from that party, which is the strongest party in the country, and which, at least, has the merit of being straightforward. It appears that an incredibly large number of bankers, merchants, and professional men of Liberal views have of late years given their vote for Social Democracy.

In view of the disintegration of the old Liberal parties, many Liberals are strongly recommending the co-operation of the Liberal parties with Social Democracy. Whether such co-operation will take place in the next election remains to be seen. So far the middle-class Liberals have been fighting shy of associating themselves and identifying themselves with the working men, but there are strong reasons for believing that the Liberal Parties are being democratised and that the Social Democratic Party is being liberalised. We may see a fusion of the Liberal "Bloc" with the Workmen's Party. Such a party might be of irresistible strength.

CHAPTER XIV

THE TRIUMPH OF IMPERIALISM OVER SOCIAL DEMOCRACY—THE LESSONS OF THE GERMAN ELECTION OF 1907

A SURVEY and careful examination of the Reichstag Election of 1907 make it appear that that Election has been a political event of first-rate importance, and that it is likely to have a very far-reaching influence not only upon German, but also upon British affairs. Therefore, it behoves us carefully to consider the lessons which it teaches.

The old Reichstag was dissolved, not because "a conflict arose," as we have been told, but because the Government, wishing to dissolve the Reichstag, caused a conflict to arise. The German Imperial Government deliberately and quite unnecessarily quarrelled, at the end of 1906, with the Centre Party over the paltry sum of £400,000 demanded for the South-West African colony, and then appealed to the people. On the day after the dissolution, the North-German *Gazette*, the leading semi-official organ in Germany, proclaimed to the world that the impending General Election was to decide whether Germany was to remain a European Great Power, or whether she was to become a World-Power. The people were told that Germany stood at the parting of the ways, and they were asked to choose between an uneventful, cheap, and safe policy of natural development in

Germany's European sphere, and an adventuresome, very expensive, and risky policy of trans-maritime expansion, and they chose the latter, as the result of the election shows.

At the time of the dissolution the outlook seemed most unfavourable for the German Government and its world-political aims. The difference between the Government and the Centre Party had arisen through a long series of disgraceful colonial scandals which that party had brought to light. All Germany knew that the rising in South-West Africa had been caused by sheer bad management on the part of the officers and officials sent out; that, as the former Governor, Major-General Leutwein, has repeatedly shown, the cruelty and rapacity of the civil and military administrators, and their connivance at the heartless exploitation of the blacks by German traders, had driven them into despair and rebellion. The war in South-West Africa, a worthless colony, had cost Germany two thousand lives and more than £20,000,000; and that war, after having been a traders' war, had become an army contractors' war. The German army contractors in South West Africa, and the firm of Tippelskirch in Berlin, who provided the troops with all necessaries, made immense profits whilst the war lasted, and they had an interest in keeping it alive. It was discovered that a very influential Prussian Secretary of State participated, through his wife, to a large extent in the profits realised by the firm of Tippelskirch, which had been given the monopoly of fitting out the troops; and the Secretary of State in question had to resign. Germany was disgusted, not only with her South-West African colony and the scandals connected with the war, but with all her colonies, which, since 1884, had swallowed up about £75,000,000,

but which had failed to benefit the country in an appreciable manner.

During a long time before the dissolution of the Reichstag the newspapers of Germany had been full of complaints not only about the colonial scandals and the great waste of money spent in the South-West African War, but also about the dearness of food of every kind. Not only had the import duties of foreign food-stuffs been greatly increased, but the same Minister who had participated in the monopoly profits made by the firm of Tippelskirch had practically closed the frontiers against foreign meat and cattle by vexatious regulations, which were ostensibly made in order to prevent diseased meat and animals being imported. In consequence of these steps the cost of living had greatly increased in Germany. Day after day the newspapers of the Opposition brought lengthy accounts of the meat famine. Indignation meetings were held all over the country, numerous establishments had to increase the wages paid to their employees. The politicians of the Opposition constantly worked upon the masses with that most convincing and most effective of all arguments and cries — the stomach argument and the cheap-food cry.

As the masses had been inflamed against the Government during many months by countless articles and speeches about dear food and colonial waste and scandals, and as, furthermore, the Reichstag had been frivolously dissolved because the Centre Party had very properly insisted upon exercising some control over the limitless expenditure in South-West Africa, it was generally expected, both in Germany and abroad, that an Anti-Expansionist majority would be returned, that the Social Democrats would make

an end to Germany's ambitions, and enter the Reichstag more than a hundred strong.

The fact that the German Government dissolved the Reichstag upon the worst case of political mismanagement known in recent German history, the fact that it appealed to the people at the most inopportune moment, seems so strange that it is worth while inquiring into the causes of that sudden dissolution.

Since William II. has come to the throne, he has striven to elevate Germany to the rank of a World-Power, and he has given utterance to his hopes and ambitions in innumerable speeches with which all readers of this book are acquainted. The Emperor clearly recognised that Germany could not acquire by peaceful means colonies fit for the settlement of white men, as the world has been divided up; that Germany could obtain territories over sea suitable for the foundation of a Greater Germany only by conquest; and that transmaritime conquest required the support of a navy strong enough to overawe the mightiest Sea Power with which Germany might conceivably come into conflict in her intended career of forceful colonisation. Therefore the preamble to the German Navy Bill of 1900 stated: "Germany must possess a fleet of such strength that a war against the mightiest naval Power would involve risks threatening the supremacy of that Power." That phrase has been the watchword and the guiding principle of official Germany which has deliberately formulated and uttered it.

By the Navy Bill of 1900 about £200,000,000 were voted for naval purposes, but that immense sum seemed by no means sufficient to those who desired to challenge the naval supremacy of this country. Therefore the German Navy League began,

towards the end of 1905, vigorously to agitate for the doubling of the German fleet. However, the country was not prepared to make the immense sacrifices needed, and the Government had to be satisfied with about £50,000,000 in 1906 voted by the late Reichstag. In consequence of this additional sum voted Germany will in a few years possess some twenty ships, each of which is to be larger and more powerful than our own *Dreadnought*.

As soon as these £50,000,000 were obtained the agitation for the doubling of the fleet recommenced, but as the old Reichstag seemed unwilling to vote the enormous sums required it was only logical to dissolve it and to make an attempt at obtaining a set of men in that assembly willing to extend Germany's naval armaments to the utmost.

During many months the German Navy League, which has a million members, and which is ostentatiously patronised by the Emperor and the Princes of Germany, had agitated for the doubling of the German Navy, and the leaders of that agitation had not hesitated to recommend to the Government, in speeches and lectures addressed to the masses, that, if the Reichstag was not willing to vote the credits necessary for doubling the fleet, a *coup d'état* should be effected by the Government; that the Government should levy the taxes necessary for the doubling of the fleet with or without the consent of the Reichstag; that, in case of need, it should govern against the will of Parliament or without Parliament.

The Government had dissolved the Reichstag, apparently in a fit of temper, at the most unpropitious moment. In the highest circles it was evidently believed that an anti-expansionist majority would very probably be returned. If that should be the

case, the doubling of the fleet could be effected only against the will of Parliament. Parliamentary Government might have to be temporarily suspended or modified or definitely abolished in Germany, and absolute government in some veiled form or other be reintroduced in order to obtain "a fleet of such strength that a war against the mightiest naval Power would involve risks threatening the supremacy of that Power." The possibility of a *coup d'état* was in everybody's mind between the time of the dissolution and the General Election. It was universally discussed. Many Conservative politicians and many prominent Conservative journals, such as the *Kreuz-Zeitung*, the *Post*, the *Deutsche Tageszeitung*, the *Hamburger Nachrichten* demanded an Imperial *coup d'état* disguised in the phrase "Reform of the Franchise," and Prince Bülow seemed to contemplate the possibility of abolishing or at least modifying, Parliamentary Government in Germany by force of arms if an anti-expansionist Reichstag should be elected, for in his election Manifesto he threatened the anti-expansionist part of the German community in no uncertain tone with "the sword of Buonaparte." Before the German Election the words *coup d'état*, Restriction of the Franchise, Government without Reichstag, Revolution were on everybody's lips. The Social Democratic Party informed its adherents that Parliamentary Government was at stake, and adjured the people to vote against the Government for the defence of the franchise. Bebel and other leaders threatened to retaliate against a *coup d'état* by a general strike throughout Germany.

Whilst the leaders of the Opposition Parties appealed to the people to vote for cheap food, low taxation, for a policy of social improvement and

civic ideals, and for the defence of the franchise, the Governmental parties appealed to the people to vote for "Ships, Colonies and Empire," and notwithstanding dear food, notwithstanding high taxation, and notwithstanding the threats of abolishing, or at least modifying, Parliamentary Government, Prince Bülow obtained an Expansionist majority, and the Social Democratic Party, the party which had been loudest in its denunciations of "bread-usury" and "meat-usury," of capitalism and of high protective duties, of the colonial scandals and of the contemplated "theft of the franchise," was reduced from power to insignificance. Its parliamentary strength has shrunk from eighty-one to forty-three members. The triumph of militant Imperialism is most remarkable, for it shows that the German people are determined to follow the lead of the Emperor and his Navy League, and that they are determined to compete with this country for the rule of the sea, for colonies and empire, regardless of cost.

Before the Election of 1907 there were about twenty parties and political groups in the Reichstag, but at the Election there were but two parties among the people, an imperialist party and an anti-imperialist party, and the imperialist party has proved victorious. It is most significant, and perhaps ominous, that when at the last General Election in this country the contest was also between an imperialist and a non-imperialist party, the nation decided in favour of parochialism. Whilst Germany is striving after Empire and world-wide greatness with all her might, Great Britain is apparently tiring of Empire and world-wide greatness. We can therefore not wonder that many Germans begin to think that Germany may become heir to the British Empire when the colonies are slipping from Great Britain's ageing hands.

Although the German Government avoided as much as possible to awaken the militant enthusiasm of the German masses in order not to draw the attention of foreign countries, and especially of Great Britain and the United States, to the great issue at stake in the Election, an issue which is most interesting to the Anglo-Saxon nations in both hemispheres, and although the Government hardly mentioned the great question upon which the Election was fought, the people, informed by a few newspapers and pamphlets, clearly understood the immense importance of their decision for the whole future of Germany. Therefore they voted in unprecedented numbers and with unprecedented eagerness—11,262,800 people voted in 1907 whilst only 9,495,600 people voted in 1903—and the result of the elections was greeted with an enthusiasm which has its only parallel in the enthusiasm which was aroused by the declaration of war against France in 1870. The Emperor himself seems to have been completely carried away by the prevailing sentiment. At midnight he addressed the cheering crowds which thronged round his palace, and his words, which seem to have come spontaneously from the bottom of his heart, throw a flood of light upon his aims and ambitions and upon Germany's future policy. The Emperor said: "Gentlemen, I thank you for your ovation. To-day all of you have put your hands to the work and have proved the word of the Imperial Chancellor, 'Germany can ride if she cares to.' I hope this will be true not only to-day but also in future. If men of all ranks and faiths stand together, we can ride down all those who block our path."

The spectacle of an Emperor enthusiastically addressing a miscellaneous election crowd at midnight

from the windows of his palace, like some successful politician, is a new one in German history, and it seems unlikely that his Majesty's enthusiasm was caused by the fact that a Reichstag had been elected which would vote the £400,000 for South-West Africa which the late Reichstag had refused. The Emperor's unusual action shows clearly that he saw in the result of the Election an event of the greatest political importance, that he expected great things from the new Reichstag; and if we ask ourselves what was in the Emperor's mind when he said: "If men of all ranks and faiths stand together we can 'ride down' all those who block our path," we are irresistibly reminded of the preamble to the German Navy Bill of 1900 which has been quoted in the foregoing. Apparently the German Emperor intends to make presently a more energetic bid for the rule of the sea than he has done hitherto, and he hopes that the new Reichstag will vote the enormous sums which he requires for challenging Great Britain's naval supremacy.

Most people in this country believe that Germany cannot possibly compete with Great Britain for the rule of the sea, and many say that for every ship laid down by Germany, Great Britain will lay down two ships. Great Britain could certainly easily outbuild Germany in the past, but whether she will be able to continue outbuilding her in the future appears somewhat doubtful. Let us not forget that the struggle for maritime supremacy is in the first place a financial struggle, and that the time when Great Britain was the richest nation in the world is past. At present Germany is probably richer than Great Britain, and Great Britain may be defeated in the financial duel for naval supremacy which is apparently approaching.

It is true that the exports and imports of Great Britain are larger than those of Germany, but the export and import trade is only one of the resources of a nation, and by no means the most important one. The wealth of a nation does not consist in its "commodities" and "securities," dead things which occupy an unduly large space in the text-books of political economy. National wealth consists, in the first place, in the number of people employed in active production who create commodities and securities by their labour. Germany has 62,000,000 people, Great Britain has 44,000,000 people, and whilst the population of Germany increases at present by about 900,000 a year, the population of Great Britain increases by about only 300,000 a year. In Germany man-power, which is after all the most important national asset, is not only 50 per cent. larger than it is in this country, but it increases almost three times faster than it does over here.

If we compare the position of the industries in Germany and Great Britain we find that all the German industries are flourishing whilst most British industries are stagnant or decadent, only a few being really prosperous. Hence from 200,000 to 300,000 people have to emigrate from this country every year from lack of work, whilst in Germany, whence only from 20,000 to 30,000 people yearly emigrate, immigration is actually from three to four times larger than emigration. Whilst the British workers suffer from lack of work the German industries suffer from lack of labour. Unemployment in Germany among all the workers in the country amounts, as a rule, only to about 1 per cent., and the German statistics are very reliable. Unemployment in Great Britain among the Trade Unionists, our best employed workers, amounts

as a rule to about 5 per cent. The number of unemployed non-Unionists in this country, of whom no statistics exist, should be much greater and should amount to from 8 to 10 per cent. Germany has an exceedingly prosperous agriculture. Between 1883 and 1904 the area under corn and other crops has greatly increased, the number of cattle has grown by more than 3,500,000, and the number of pigs by about 10,000,000, whilst, during the same period, agriculture in this country has been shrinking, and the number of animals kept has been practically stationary. Germany's manufacturing industries are progressing by leaps and bounds. She produces already much more iron and steel than does this country which formerly was the forge of the world, and she raises, inclusive of lignite, almost as much coal as this country. In a few years Great Britain will occupy the third rank in the world, not only as a producer of iron, but also as a producer of coal.

The marvellous prosperity of Germany is visible to all who periodically visit that country, but those who have not seen the progress of Germany during the last two or three decades can easily realise it from a few figures which should convince the most sceptical that Germany is richer than Great Britain, that, in a struggle for naval supremacy, Germany may financially defeat Great Britain. Between 1892 and 1905 the income subject to Income Tax in Prussia has increased by about 75 per cent., whilst the income subject to Income Tax in Great Britain has increased only by about 15 per cent. The deposits in the British Savings Banks amounted in 1907 to £210,000,000, whilst the deposits in the German Savings Banks amounted in 1907 to £650,000,000. Since 1900 the British Savings Banks deposits have increased by

£17,000,000, whilst during the same period the German Savings Banks deposits have increased by no less than £170,000,000. The foregoing facts and figures prove that in the struggle for naval supremacy the chances are apparently all in favour of Germany. It seems that industries, men, and capital are migrating from this country, and facts such as that exports and imports are large and increasing, or that certain quantities of paper wealth—in the shape of bills of exchange, cheques, or investments—change hands, cannot make up for the fact that the solid wealth of Great Britain, men and industries, is deserting the country, and that incomes and savings are apparently stagnant. It seems clear that, unless this drain of wealth is stopped, unless Great Britain recreates her industries by a wise and energetic policy, and becomes again richer than Germany, she will not long be able to lay down two ships for every German ship. Germany may defeat Great Britain without a war. Great Britain may prove not wealthy enough to compete with Germany in ship-building, although her latent resources—such as geographical position, climate, soil, coast-line, harbours, coal, colonies, &c. —are infinitely superior to those of Germany.

At first sight it may seem curious that the cheap-food cry, which has proved so very effective in this country, has proved utterly ineffective at the German Election. The cause of this strange difference can easily be explained. Whilst the ideal of the working population of Great Britain, which chronically suffers from unemployment and consequent distress and hunger, is cheap food, the ideal of the fully-employed working population of Germany is plenty of work, constant employment, good wages, and " ships, colonies and empire," which stimulate production, and therefore

increase work and wages. To the German workingman, the pauper argument of the "cheap loaf" does not appeal. In Great Britain wages may be high, on paper, and food may be cheap, on paper, but the evidence of great and widespread distress, consequent upon unemployment or insufficient and precarious employment, is to be seen everywhere. In Germany wages may be low, on paper, and food may be dear, on paper, but the evidence of general prosperity is to be seen everywhere; and a comparison of the emigration statistics and the Savings Bank statistics of both countries shows clearly that the working-men of Germany are far better off than are those of Great Britain. The German working-man is exceedingly prosperous, and he knows it; and, therefore, the cheap-food cry has fallen upon deaf ears, notwithstanding the frantic agitation of the Social Democrats.

Great Britain has followed an economic policy which benefits the consumer and the middleman, and which starves the producer and drives him out of the country. Germany has followed an economic policy which benefits the producer, but does not hurt either the consumer or the middleman. In the present Election the German working masses have emphatically and deliberately endorsed the economic policy of their country, notwithstanding the loud clamour of their leaders about "bread-usury" and "meat-usury." The German workmen in the towns know quite well that unduly cheap food would ruin the rural industries, depopulate the country districts, and destroy the manhood of Germany and half her home market.

The imperial instinct is stronger in Germany than in Great Britain. Germany is becoming an imperial nation—a nation with imperial instincts and aspira-

tions, as Great Britain was in the olden days ; and we can hardly wonder that the thought of Empire is becoming stronger in Germany at a time when it is weakening in this country. Germany follows a policy of imperialism and energy born of success, whilst Great Britain follows a policy of parochialism and lassitude born of weariness and non-success.

The German Election of 1907 teaches us a few lessons, and the importance of these lessons can hardly be exaggerated. It teaches us :

(1) That the ambition to make Germany a great Colonial Empire, and to conquer for her the rule of the sea, is no longer restricted to the Emperor and to the naval enthusiasts, but that that ambition has powerfully taken hold of the whole nation.

(2) That Germany is richer than Great Britain, and that she can afford to outbuild our fleet.

(3) That the German working population is far more prosperous than the British working population, and that the German working masses have deliberately and emphatically endorsed the economic policy of Germany which benefits the producer.

(4) That Social Democracy in Germany will not provide the hoped-for antidote to the necessarily anti-British expansionist and naval policy of Germany.

(5) That, unless Great Britain recreates her industries by a policy which benefits the producer and stimulates the production of solid wealth, Great Britain is bound to lose the rule of the sea, and with the rule of the sea her Colonies and much of her trade, her shipping, and her remaining wealth.

Will Great Britain learn the lessons of the German Election ?

CHAPTER XV

EDUCATION AND MIS-EDUCATION IN GERMANY

THE battles of Sadowa and Sedan caused us to model our military machine upon that of Germany; the "Generalstabswerk" became as authoritative to our officers as the Bible is to our clergy. Moltke, Verdy du Vernois, Boguslawski, Von der Goltz, dictated to us our strategy and our tactics, and, having carefully copied the German army, we thought that we had an excellent fighting machine until our defeats in South Africa disillusioned us and taught us that German tactics, though possibly well adapted to German circumstances, are quite unsuitable to British requirements. During more than thirty years the Emperor Frederick's winged word, "The Prussian schoolmaster has won the battle of Sadowa," has been dinned into our ears, and we have so often been told that Germany owes her great political, and especially her still greater economic success, to her excellent education, that we have set about closely to copy the educational system of Germany, although it is probably as unsuitable to British requirements as German military tactics have proved themselves to be. England and America have been flooded with a constantly-flowing stream of books in praise of German education, but I have failed to discover a single book on the failure of German education, although such a book seems to be very urgently required. It is to

be hoped that a book pointing out the grave defects of German education from the English point of view will soon be written. Meanwhile, I intend in the following pages to point out some of the shortcomings as well as some of the very important characteristics and factors of German education which have hitherto escaped observation, and I hope that this chapter will cause a more critical investigation and appreciation of German education, which at present enjoys an admiration and a prestige which the practical results achieved by it do not seem to justify.

According to the latest statistics, Germany has some 60,000 elementary State schools, with about 150,000 teachers, who instruct some 9,000,000 children; she has more than 1000 higher schools, where about 20,000 teachers instruct more than 300,000 pupils, whilst at the numerous universities, polytechnics, and other technical high schools, about 6000 professors and lecturers instruct some 80,000 students. If we include the professional private tutors we find that the army of German educationalists number about 300,000. These figures are truly astounding in their magnitude, and if "most educated" be synonymous with "best educated," the Germans are undoubtedly the best educated nation in the world. In fact, there are practically no uneducated people in Germany. Of the 260,000 recruits who in 1905 joined the German army, only 82 men coming from the frontier districts, where, for obvious reasons, control is sometimes impossible, were unable to read and write. It may therefore be asserted that in Germany proper no uneducated people exist.

The genesis of the national educational system and of the educational policy of Germany is a curious one. The German school is by its history not a social but

a purely political institution. To make the revolution against the Roman Catholic Church successful, Luther found it necessary to oppose the powerful organisation of the Church which directed the mind of the German masses and which held the people in a grip of iron with a national and popular organisation powerful enough to oppose the Almighty Church, and able to agitate among the masses and to propagate the Protestant idea far and wide. The spiritual guidance and direction of the Church of Rome and its world-embracing organisation could be opposed only by a machine able to control the national mind of Germany in the Protestant interest, and to deprive the Roman Church of its supporters in the country. Hence Luther strenuously advocated the introduction of a national and Protestant education in Germany. Education was not to benefit the few, but to embrace all. Thus, through the revolt of Luther, and the necessity of strengthening struggling Protestantism against the Roman Catholic Church, the idea of a national, democratic, and compulsory education arose, and was taken up by the Protestant princes of Germany, who as a rule had become Protestant in order to spoliate the wealthy Roman Catholic Church. The assertion that a wave of idealistic sentiment and of religious zeal created Protestantism in Germany, that it was a pure and purely democratic movement, and that the spirit of benevolence and of democracy created the German school, is a fable, for schools and serfdom existed side by side in Germany up to the nineteenth century. In fact, in Germany, and especially in Prussia, school and serfdom, education and tyranny, went hand in hand, and education was used by the Government as a means for keeping the people in a state of subjection and of mental servitude.

Up to the thirteenth century, Prussia was inhabited by heathen savages, the ancient Prussians, who were completely extirpated by the knights of the Teutonic order, to whom that savage country had been granted, and when they had desolated it by fire and sword, Prussia was colonised not only from all parts of Germany but from all parts of Europe. Germans, Frenchmen, Dutchmen, Swiss, Poles, &c., were attracted by the early rulers of Prussia to that country; partly to people the desolate land, partly to work for their feudal masters, and some sort of compulsory national education was evidently necessary to unify all these incongruous elements, and to obviate the danger of the country falling to pieces. Besides, a common language was absolutely necessary in matters of administration. However, matters educational remained in a very chaotic state, until Frederick William I., one of the greatest rulers, and certainly the ablest and the most energetic administrator, of Prussia, resolved to convert the loosely-jointed, ill-organised, and promiscuously-peopled provinces of Prussia into a thoroughly unified, firmly-welded, and absolutely centralised State. Therefore he meant to Germanise the people. Frederick William was a ruler who did not brook delay. In 1713, the very year in which he came to the throne, he issued an edict which aimed at compulsory education in Prussia, and as rapidly as the scanty funds at his disposal allowed it, schools were built, teachers procured or trained, and education extended. In Lithuania alone, 1105 new schools were erected, in order to convert the Slav inhabitants of that country into German-speaking Prussians, industrious, useful, and loyal citizens and obedient soldiers.

Frederick William's successor, Frederick the Great,

vastly enlarged the territory of Prussia, adding by his conquests to the country large districts inhabited by Austrians, and by the division of Poland, of which Prussia received a considerable part, extensive provinces peopled with Poles. Modern Germany, Prusso-Germany, is a country which has sprung by conquest from the smallest beginning from which ever a great State has arisen, and the different nationalities which had been conquered and joined together could not be kneaded into a homogeneous mass, and into a nation, except by compulsory education. Germany would bear an aspect similar to that borne at present by Austria-Hungary, with its numerous unassimilating nationalities, which fight among themselves, had not the rulers of Prussia vigorously Germanised their country by means of the schools and of compulsory education. The first twenty-three years of Frederick the Great's rule were years of war, but in 1763, the year in which the Seven Years' War, the struggle with Austria and the great Prussian War period ended, he introduced the celebrated "Generallandschulrecht," the law of compulsory and general education for the whole of his dominions and all the multifarious nationalities dwelling in them. Whilst compulsory and general education exists nominally in this country, since some thirty years—in practice, British education is even now neither general nor compulsory, whatever it may be in theory—Prussia has had compulsory and general education during almost a century and a half.

The educational organisation of Germany was, and is still, an absolutist machine, though at first sight it bears a strongly democratic appearance. In the character of Frederick the Great, the will of the autocrat and the mind of the philosopher and democrat were

curiously mingled. Though he treated his subjects like beasts of burden, he frequently declared that a king should be the first servant of the State; in 1739 he proclaimed to the world in his "Anti-Machiavel" that he was a lover of peace, that his ideal was Mark Aurelius, and in 1740 he attacked Austria in a time of profound peace. In matters educational we find the same curious contradictions in that great ruler. Whilst some of the edicts on education issued by the philosopher-king breathed the most enlightened Liberalism—an example will be given in the course of this paper—a "Cabinet's Ordre" of the 7th September, 1779, issued by the king-autocrat, laid down that "The people in the country are only to learn a little reading and writing, for if they are taught too much they will run to the towns in order to become clerks, &c." Frederick the Great and his successors did not wish to spread enlightenment among the masses by means of the schools, but intended to educate the people to be dutiful subjects to their king, hard-working peasants and labourers satisfied with their station, and reliable and patriotic soldiers, ready to sacrifice their lives for their country. For these reasons, the Prusso-German educational establishment has always borne a distinctly military character, in its direction and organisation, and its first and principal object has been to teach and to enforce discipline, to nationalise the people, and to create a strong sense of patriotism among them. That the elementary schools of Germany with their 9,000,000 children are still a most powerful, perhaps the most powerful, tool in the hands of the German Government, may be seen from the guiding regulations laid down in 1872 by Dr. Falk, the Prussian Minister of Education, for in these regulations we read :—

"The object of the Prussian elementary school has always been to educate the growing generation to become pious, patriotic men and women who are able by means of the general education and training they receive to fill an honourable position in civil society. In whatever way the relations of Church and State have been conceived, and whatever theological tendency was paramount at any period, the religious and moral education of youth has at all times been considered the foremost purpose of the schools, and never have the administrative authorities of the State wavered in pursuing the high ideal to sow the seeds of patriotic, religious, and moral sentiment in the children, so that they will become citizens whose inner worth can secure the welfare and preservation of the State.

"But side by side with this exalted ideal, the requirements of practical life have not been left out of sight. Children must learn at school how to perform duties, they are to be habituated to work, to take pleasure in their work, so as to become efficient workers. This has been the aim of popular education in Prussia since the earliest times, and to this day it is plainly understood by all administrative officers and teachers, and by the majority of parents, that it is the business of the elementary school not merely to teach reading, writing, and arithmetic, but to teach the citizens cheerfully to serve their God, their native country, and themselves."

The Sunday schools in Great Britain have some 8,000,000 scholars, the Sunday schools of Germany have only some 800,000 scholars. These two figures indicate at a glance the fundamental difference between English and German education. Whilst the leading feature in English schools is piety, the teaching of religion and the training of the character of the young, the leading feature of the German elementary schools is militant patriotism and militarism, whilst moral and religious education is treated as a matter of secondary importance. Singing plays a very large part in German education, and especially in elementary education, because singing assists splendidly in march-

ing, and battles may be won by outmarching the enemy. Hence the very first songs which a German child learns are military songs, such as :—

I had a faithful comrade once,
No better could there be,
The drum was beat, the charge was led,
Together to the strife we sped,
And he kept step with me.

A bullet came, &c., &c.

Dawn of day, dawn of day!
To death thou showest me the way,
For when the bugles loudly blow,
Full soon shall I be lying low,
With many a comrade true.
&c., &c.

I have given all I am and have,
My heart, my head, my hand,
To you for which I like and love,
My dear old Fatherland.
&c., &c.

The Chinese child learns spelling from the Confucian classics, the German child from tales illustrating German military valour. Whilst the English schools strive to elevate the child's character by installing the civic virtues, the German schools strive almost exclusively to teach discipline and to arouse and to develop the military inclinations, or rather the spirit of Jingoism, giving little consideration to the training of character and practically none to the development of the civic virtues. The birthday of the Emperor and the anniversary of the battle of Sedan are the two great school festivals, not only in the elementary schools but in the higher schools as well, and they are celebrated with patriotic songs, recita-

tions, speeches, &c. The "Hereditary Enemy" plays a very large part in the elementary history books of Germany. No wonder, then, that the principal and almost the only game of German school-children consists in playing at soldiers or as Frenchmen and Germans, which lately has been superseded by playing at Boers and Englishmen. In Bismarck's words, "The mighty influence which the schools exercise in the education of the nation consists in this, that the German child, when handed over to the teacher, is like a blank sheet of paper, and all that is written upon it during the course of elementary education is written with indelible ink, and will last through life. The soul of a child is like wax. Therefore he who directs the school directs the country's future." From the earliest time to the present day, the Prussian Government has educated the young to an aggressive military patriotism, and therefore it may be said that the German elementary school is a branch establishment of the German barracks.

In view of the rapid growth of the Social Democratic Party in Germany, particular stress has, during the last few decades, constantly been laid upon the duty of the schools to combat the Social Democratic movement, by pointing out its wickedness to the children. In an order of the 1st of May, 1889, William II. said: "I have for a long time been occupied with the thought of making use of the schools in their various grades for combating the spread of Socialistic and Communist ideas. . . . The school must endeavour to create in the young the conviction that the teachings of Social Democracy contravene not only the Divine command and Christian morals, but are moreover impracticable." However, the strenuous exertions of all the German schools to fight Socialism by de-

picting it as being wicked, unpatriotic, and opposed to the Divine command, have been perfectly fruitless. The fact that the Social Democrats, who are not merely a party of opposition, but a party which opposes the German Government root and branch in all its works and all its ways, polled more than 3,000,000 votes in 1907, that almost one-third of the highly-educated German electorate is composed of "fellows without a Fatherland, and enemies of their nation," as they have been called by a most august personage in Germany, shows that the German elementary schools have glaringly failed in fulfilling the first and principal aim and purpose for which they have been created and for which they are strenuously working.

The aim of the German elementary schools is, according to Dr. Falk, firstly, to promote patriotism; secondly, to foster religion and morality; thirdly, to fit the young for practical life. The tree is known by its fruit, and education by its results. We have seen that the German elementary schools have largely failed in their first and principal aim. Let us now investigate the results of their religious, moral, and practical education.

There are but two great religions in Germany. The Roman Catholics, who form one-third of the population, are religious and pious, but their religiousness is not due to the influence of the State schools but to that of their Church, as may be seen from the fact that the Protestants of Germany, who form two-thirds of the population, are not at all religious. Protestantism is the State religion of Prussia, but all the endeavours of the Government to make the people religious have been in vain. Church-going is not even a social obligation in the Protestant parts of Germany,

where churches are few, and Berlin is, according to the complaint of the present Emperor, that capital of the world which is worst provided with churches. Besides, the few Protestant churches in existence stand almost empty if we deduct the soldiers and officers who have compulsorily to attend Divine service.

Religiousness and morality ought to manifest themselves in action, not merely in church-going. The fact that there are on an average every year about 180,000 illegitimate births in Germany, whilst there are only about 50,000 illegitimate births in Great Britain, and the fact that there are every year about 12,000 suicides in Germany, as compared with only 3000 suicides in Great Britain, seem conclusively to prove that the German schools have ill succeeded in fulfilling their second aim and object. Both Christianity and morality preach toleration, yet toleration is in Germany conspicuous by its absence. Roman Catholics are ill-treated by the German Protestants, and Jews are ill-treated by both. It is difficult for Roman Catholics to follow an official career, for all Government posts are preferably given to Protestants, and for a Jew it is almost impossible to become a State official or military officer. In German advertisements for clerks, commercial travellers, domestic servants, &c., stipulations as to religion are frequent. From the foregoing it will be seen that as regards religious and moral education, the German schools can hardly be said to have achieved a pronounced success.

The third aim of the elementary schools of Germany is to prepare the young for practical life. As regards teaching, the German elementary schools compare favourably with the British elementary schools, not in their completeness, but in the wise

limitation of their programmes. The German elementary schools teach chiefly homely and necessary subjects, the elements of knowledge, whilst the English elementary schools, having more ambitious aims, strive to give to the child of the people a knowledge more for show than for practical use, a smattering of everything, but often not a sufficient knowledge of the most necessary things, such as writing and spelling. The German child learns a few necessary things fairly well, the English child learns many things ill, of which most are not only unnecessary, but positively harmful. The German elementary schools educate the young to be successful workers in their station, the English elementary schools endeavour to convert the children of the poor into ladies and gentlemen able to discuss all the ologies. Whilst German peasant children are satisfied to follow the occupation of their fathers, English country children hate the country, sneer at the rural occupations, and desert the country for town, largely in consequence of the townified and totally unsuitable primary education which they have received. It is a misfortune when the town legislates for the country and determines its education.

The German child learns in the primary school to obey, perhaps too slavishly to obey; English Board School education, erring in the opposite direction, gives the child too much liberty, often allows it to disobey, to be unruly. German school children are made to be orderly, punctual, courteous, clean; English Board School children are only too often allowed to be dirty, untidy, and rude to their teachers, and their teachers have hardly sufficient power to correct them when admonition has failed. The German teacher is an autocrat with a stick, who, it must be admitted, occasionally abuses his authority

and ill-treats the children; the English teacher is only too often a meek man or woman of sorrows, who is ill-treated by the children. Discipline is the characteristic of the German school, lawlessness that of the English school. As regards order, discipline, and the sane limitation of learning, I think that the German elementary schools compare favourably with the English schools, but the German masses are quite as ignorant and as narrow-minded as the English masses, perhaps more so, because they are naturally less curious. Germans read less than Englishmen. A navvy reading a newspaper during the dinner-hour is a sight almost unknown in Germany. The German workman is often content to obtain his political information from gossip with his comrades, whilst drinking his beer in the Wirtshaus, where he spends as a rule several hours a day.

Unfortunately, English Board Schools are assuming more and more the character of charity schools, where charity is somewhat indiscriminately distributed to all applicants. Hence most parents who can afford to do so send their children to private schools, and the Board Schools have become preserves for the children of the poor, and centres and breeding-places of social dissatisfaction and revolt. In Germany, on the other hand, the children of the rich and poor mingle in all the schools as freely as they mingle in the army. The cause of this difference between the English and the German educational system is obvious. In Great Britain the children of the well-to-do used in the pre-Board School times to go to private schools, and the children of the poor to charity schools. As the Board Schools were unfortunately evolved out of the old charity schools, the elementary schools of the English nation were born with the pauper stigma

branded upon them. Hence they are charity schools, schools for paupers, in the eyes of the people, and it is to be feared that a too open-handed, and therefore unwise, philanthropy is strengthening the impression of the nation that the Board School is a branch of the workhouse. In Germany, on the other hand, where compulsory education for all was suddenly introduced, so to say on the same day, all children had from the first to go to the schools which the Government had provided, especially as the German Government have never encouraged, but have distinctly discountenanced, the creation of private schools which would have infringed upon the education monopoly of the State. Numerous large private schools and church and chapel schools similar to those existing in England, are unknown in Germany. Whilst there are in Germany 60,000 elementary State schools with 9,000,000 children, there are only 643 private elementary schools, with 41,000 children. In other words, in Germany only one child out of every 250 goes to a private school. England has class schools and mass schools, Germany has practically one kind of school—national schools. In England education of a class type, or, rather, education differentiating absolutely between classes and masses, tends to keep classes and masses asunder and to set them against each other; in Germany education of a democratic type causes classes and masses to commingle and to appreciate and to understand each other.

The English Board School child receives his tuition, his books, and, if necessary, his meals, his boots, and his clothes gratis, and the child is thus encouraged to become a clamorous, rapacious, and unblushing pauper, relying on charity, not on work, for a living. Besides, things which one can get for nothing are

not appreciated because they are considered to be worth nothing. Consequently, English parents accept gratuitous education grumblingly, as they would accept doles, and they take on the whole little interest in the training of their children. The German parents, on the other hand, have, as a rule, to pay small sums for the tuition of their children, to pay for their books, &c., and the free gift of meals, boots, and clothes to school-children is practically unknown in that country. Consequently, the thrifty German parents who have to pay for the training of their children mean to get full value for their money, and take an interest in their children's education. An English child can easily avoid going to school by the flimsiest of excuses, and parents often connive at the avoidance of school. Therefore school attendance is very irregular in England, and little work is done. In Germany, a rigorous supervision and drastic and immediate punishment of parents, masters, and others responsible for lack of attendance, causes avoidance of school attendance to be rare.

Education, as service in the army, is democratic in Germany in so far as it is compulsory and equal for all. The children of rich and poor sit on the same bench. The present Emperor was educated at the ordinary intermediate school of Cassel, sitting in the same room with the sons of the people, children of professional men, petty tradesmen, and the like. Whilst this indiscriminate mixing of the classes and masses in the elementary and intermediate schools may, and probably does, lower the tone in the upper ranks of German society, it certainly tends to elevate the tone in the lower sphere, and to lift up the submerged millions. The unwashed sons of German artisans feel uncomfortable in their grime when look-

ing at their better-cared-for schoolfellows, and learn to wash themselves even without compulsion, for example is better than precept, whilst dirty Board School children feel quite comfortable, being exclusively surrounded by their more or less uncleanly mates of the slums. Besides, this mingling of the classes urges the children of the poor to become better off by hard work and thrift, and kindles ambition in them at their most important period of life, while the English School Board child is only too apt to herd with the herd, to learn to be improvident, and to rely more on the bounty of the rich and of the local authorities, who generously provide for all, than on his own exertions. The ideal of the English middle-class thus is to become gentlemen—that is, to live a life of ease without work, and the ideal of the poor to live a life of ease at the cost of the community, whilst the ideal of the German middle-class and lower-class is to become rich by work. Thus German education provides a powerful direct stimulus for national activity in Germany, whilst class education in England acts as an incentive to work as little as possible.

The ambition of the children of the German poor often causes them to be the best scholars, and the spirit of emulation compels the children of the rich, who otherwise would be lazy, relying on their fathers' wealth and their assured prospects, to work much more energetically than they would do in schools where they need compete only with their social equals. Owing to the great educational opportunities given to the German poor and to the ambition awakened in them to get on, many of the leading scientists, medical men, lawyers, Government officials, &c., of Germany, have risen from the very lowest social stratum, whilst in Great Britain hardly any except the children of

the middle-class are to be found in scientific and professional circles.

The mingling of the classes in the lower and the higher schools of Germany is due partly to the influence of Luther already referred to, but chiefly to that of Napoleon I. When both the professional army and the caste system of Prussia were defeated on the fields of Jena and Auerstädt, it became clear to Prussian patriots that the era of national armies and of a national organisation of the State had arrived, that the time of class rule, of the "Klassenstaat," had gone by. The "Tugendbund," the Moral and Scientific League of Virtue, which was created after the disasters of 1806, strove to regenerate and to lift up the humiliated country by elevating the masses. Stein, Hardenberg, Fichte, Niebuhr, and the two Humboldts wished to bind rich and poor, classes and masses together, into a harmonious co-operating whole for the defence of the country. With this object in view, they strove to give equal educational opportunities to all, and to give to all citizens an equal intellectual and educational stake in the country. Napoleon's motto, "La carrière ouverte aux talents," was adopted by Prussia. Notwithstanding the reactionary tendencies of later times, equality in education, which had sprung from the disastrous war of 1806–7, remained a characteristic of the Prusso-German schools. Hence we do not find in Germany a strong desire, based on social prejudices, to prevent the children of the lower classes from enjoying a liberal education.

The secondary schools of Germany are in the main cramming establishments of the worst type, and they are treated by parents and children as a great but unavoidable evil. Professional careers require, as a rule, nine years' preparatory study at the Gymnasium

which German boys enter when nine years old, and between the ninth and the eighteenth year German boys studying at the Gymnasia are exclusively occupied with cramming. The Gymnasium is the classical school of Germany, in which Latin and Greek form the nucleus of tuition, and in those schools the dead languages as well as the modern ones are taught in the most pitiful manner. Nothing in literature is more beautiful, and nothing can be more elevating and more beneficial for the development of the intellect and of taste than the reading of the Greek and Latin classics either in the original or in translation; but the Greek and Latin classics are not read but "translated," slowly dissected, and every fragment carefully examined under the microscope, by the unfortunate scholar under the direction of dry-as-dust philologists. A brilliant speech of Cicero or Demosthenes, which requires to be read in a few hours in order to be appreciated, is slowly chewed, re-chewed, and again re-chewed during three months. The modern languages are taught in the same idiotic fashion, and even the masterpieces of German literature are not read and enjoyed, but pedantically pulled to pieces line by line and word by word, as if it were the aim of the German intermediate schools to convert the German nation into a race of philologists, of authors of grammars, and compilers of dictionaries. Other subjects are similarly treated. History, for instance, is learned from handbooks which, in the smallest possible compass, give the maximum of facts and dates, and in these no attempt is made to show the organic development of states and the causes and consequences of historical events. Therefore, the German school-books of history are merely compendia of facts and dates, and are about as interesting as is a railway time-table. During

nine years, the unfortunate German boys are compelled to commit to memory an immense quantity of unconnected, unpalatable, and mostly useless information presented in the most repelling form.

It may be that nine years of continual cramming is useful in this, that it improves the memory of the pupils, but it seems more likely that the memory suffers by being overtaxed. On the other hand the harm done by constant cramming, which is merely undertaken for the object of passing an examination, is incalculable. Since no attempt is made to develop the independent thinking power of the scholar, the unfortunate pupils become learned automatons, and though they have some knowledge of Latin and Greek and French and various sciences, they are usually not able to write German correctly. The German newspapers and modern German books are atrociously written. Since the examination with which the nine years' torture ends has to be passed to enable the scholar to attend the university and to become a professional man, the insane tyranny of the Gymnasium has to be borne. When at last freedom dawns for the martyr, the first act of those who after nine years' weary and almost useless labour have passed the concluding examination, often is to make a bonfire of their books. A German who has passed the Arbiturienten Examen endeavours, as a rule, to forget as rapidly as possible all the useless stuff which he had to learn during nine years mis-spent.

In order to show that the foregoing statements are not exaggerated I would give two German opinions in support of them. In the *Frankfurter Zeitung* of the 14th December 1906, an article entitled "Education to Manliness" was published in which we read :—

"Our schools do not form the character. That is the complaint which, more or less clearly formulated, may be found in all the books which advocate the reform of our education. Our German schools turn men into machines, educate them to submissiveness, to cowardice, to pettiness and pedantry, to much that is unlovely and pernicious, and they fail to form strong-minded, self-conscious men. And the State requires nothing more than men, manly men. In short our German schools spoil the character of the child and his intelligence by systematically shackling his mind, by cramming his brain, and by filling it with dead matter. Thus the thinking power is killed, individuality is destroyed, and the mental horizon and the development of moral sentiment are narrowed and repressed."

In his recently published book, *Deutsche Schulerziehung*, Professor W. Rein, one of the leading educational authorities of Germany, said in the preface:—

"It cannot be denied that our schools have achieved much. However it was thought that the principal object of schools was to distribute knowledge so as to prepare youth for the labour of active life. Our schools were and are still in the main devoted to instilling knowledge, and in that they have done much, but they have neglected the formation of character.

"In this respect the good English schools are no doubt ahead of the German schools, because the former strive not only to increase knowledge but also to raise men of character, firmness, and energy; and the history of England shows clearly to all those who have eyes to see what strong and energetic men who know what they are doing are able to achieve. Only a few German schools exist where workshops, playing-fields, school-gardens, common walks, and excursions break the monotony of the study of dead books.

"We require educators not merely teachers. A teacher requires nothing but knowledge. An educator requires more."

The authorities responsible for the programme of the German Gymnasium probably think that that institution is most admirably adapted for preparing

the young intelligence for successful professional or administrative careers, but they might be enlightened as to the proper character of intermediate education by the broad-minded instructions of Frederick the Great, delivered to the professors of the Civil and Military Academy for Young Gentlemen, in which the King said:—

"The masters shall studiously endeavour not only to store the memories of the pupils with useful knowledge, but above all to create in them a certain agility of mind, which shall render them capable of applying themselves not to one study alone but to any that may be found expedient, in particular to the cultivation of their reason and to the forming of their judgment. To this end, it is necessary that the masters should accustom their pupils to form just and clear ideas of things."

Besides, Frederick the Great wished the young intelligence of the nation to be fully and liberally instructed in political matters, for he wrote in the same Memoire:—

"The preceptor will confine himself to giving his pupils an idea of the rights of citizens, the rights of the people, the rights of the monarch, and of that which is called Law. He will not fail to impress upon their minds that Law, being destitute of any actual sanctity for enforcing its observance, is a vain phantom that sovereigns do not fail to display in their instructions and manifestoes, though they often violate its principles in their own conduct."

The broad-minded precepts of Frederick the Great have been utterly forgotten in Germany. A highly-educated young German, who has spent twelve years at school, has as a rule not sufficient knowledge of the political affairs of his country to be able to read the newspaper with profit, and he has, as a rule, no knowledge whatever of his rights.

On the 4th of December, 1890, William II. made

a very long speech on the reform of intermediate education in Germany, which is all the more interesting as the Emperor, through his own experience in Cassel, was practically acquainted with the tyranny of the Gymnasium and its worthlessness. In that speech he bitterly complained :—

" . . . The cause of the mis-education given is this, that the philologists have been the *beati possidentes* of the Gymnasium, and that these have laid all stress upon the matters to be learned but not upon the forming of character and upon the requirements of practical life. They think that the chief thing is that the young man should " know " as much as possible. Whether their knowledge be useful or useless to them in after life, is treated as a matter of secondary importance. We ought to educate young Germans sons of the nation, not young Greeks and Romans. We ought to desert the programme received from the ancient monasteries. We cannot go on in this manner."

Seventeen years have passed since this speech was made, but the passive resistance of the German philologists has proved stronger than the Emperor's reforming zeal. The German intermediate schools are still torture houses for the mind, where the memory is overloaded and the intelligence stunted and destroyed. The education given at the intermediate schools of Germany should be a warning example to England, the admiration and eulogy of English philologists notwithstanding. After all, we are not all philologists.

In his speech of the 4th of December, 1890, the Emperor also mentioned that, owing to over-study, often three-quarters of the scholars in the upper classes are short-sighted, that in his own class at Cassel eighteen young men out of twenty-one had to wear glasses. No doubt over-study is largely responsible for the prevalence of short-sightedness in Germany,

but the evil effect of constant cramming of the mind is aggravated by the utter neglect of the body of the German pupil. According to the ideas of the mediæval Churchmen, who are responsible for the programme of the German Gymnasium, the body was vile matter and was to be neglected, and to be chastised when the flesh, the devil, rebelled against the soul, whilst mind and soul were to be cherished and cultivated. Already St. Paul had taught "Bodily exercise profiteth little," and bodily exercise was, until lately, considered by German thinkers not only to be unprofitable, but also to be little in accordance with that dignified bearing which a devotee of science ought to manifest in his deportment and in his every action.

Germany is by nature a gameless country. Whilst the sporting history of Great Britain can be traced back at least a thousand years, sport, in the English sense, was until lately unknown among the masses of Germany. Prussia's defeat by Napoleon I. in 1806 created a kind of sport, Turnen, German gymnastics. Jahn, an enthusiastic patriot, wished to raise in Prussia a race of warriors similar to the ancient Germans described by Tacitus. He introduced not only modern gymnastics, but strove at the same time to arouse the fighting spirit and the sense of independence among the people. By his agitation he made himself and his gymnasts obnoxious to the reactionary Government which ruled Prussia after the defeat of Napoleon, and the result was that the Government imprisoned Jahn and dissolved the gymnastic society as dangerous to the State. After a time gymnastics were again encouraged by the State, and now every intermediate school possesses a gymnasium similar to the English gymnasia. The

gymnastic exercises with bars, ladders, &c., are excellent, but only two hours a week were allotted to them up to 1891, when, through the Emperor's action, a third hour was added. As the number of apparatus is limited, the German schoolboy has on an average hardly more than fifteen or twenty minutes of gymnastic exercise during the week. Games such as football and cricket being unknown in Germany, the Government tried to add " regulated play " in homœopathic doses to regulated gymnastics. Even at the universities organised sport, a little fencing excepted, is practically non-existent. Playfulness is neither a characteristic of the German people nor of German life, and as regards physical education, the German schools are worthless.

Germany has no less than 22 universities, at which almost 3000 professors and lecturers teach about 40,000 students, and the number of the university students in Germany is increasing at a most remarkable rate. In 1870–1, there were 12,256 university students in Germany; in 1903, 37,677 were counted in that country. In a little more than thirty years the number of students in the German universities has more than trebled, and it is still growing by leaps and bounds. However, it may be doubted whether it is a matter for congratulation that the German universities are turning out an ever-growing army of unemployed doctors, lawyers, theologians, and teachers, who, by the pressure of their competition, lower the status of all professions and form a huge learned, and therefore the more dangerous, proletariat. Although the German universities are still leading in various departments of abstract science, they do not appear to be superior to the high schools of Great Britain in direct national utility. In fact, I venture to affirm

that the average British doctor, lawyer, clergyman, and schoolmaster is distinctly superior to his German colleague. The superiority of the German universities, which was very great in the time when university teaching in this country was at its lowest ebb, is a thing of the past. The chief effect of the activity of the German universities in creating a huge proletariat of unemployed professional men is this, that the output of books, mostly worthless, has enormously increased in Germany. During the last thirty years the number of new books published in that country has in round figures increased from about 10,000 to about 30,000 per year.

Although Germany is no longer a model to Great Britain in elementary, intermediate, and practical university education, she is no doubt far ahead of this country in technical education. Therefore the German technical high schools are far more popular with foreign students than are the German universities. Of the students at the polytechnica, 20 per cent. are foreigners; of the students at the forestry academies, 30 per cent. are foreigners; of the students at the mining academies, almost 40 per cent. are foreigners; of the students at the universities only 8 per cent. are foreigners. The efficiency and the benefit of technical education in Germany have been very much exaggerated in this country. German technical education, like German general education, is more extensive than intensive, more showy than practical and thorough, and in not a few instances its efforts are misdirected. For instance, enormous exertions have been made to advance architecture and the building trade, and no expenses have been spared, but the results achieved are the reverse of satisfactory. The design of the public and private

buildings which during the last decade have been erected is as a rule laboured, unpleasing, or ugly, and the inner arrangements are unpractical. The new House of Parliament is a case in point. The numerous pretentious but ugly monuments lately erected in Berlin and elsewhere also testify to the fact that schools may give knowledge but cannot give ability. There is a German proverb, "Je gelehrter desto verkehrter," "The greatest fool is a learned fool." There is much truth in that proverb.

Germany has a huge number of technical schools of every grade. There are technical schools for apprentices, for artisans, for foremen, for managers, for directors of industrial establishments, for merchants and bankers, &c., and every day additional technical schools are created. Besides, itinerant instructors visit the villages, which are too small to have technical schools of their own. In many instances technical education is compulsory. The thing is being overdone. Felisch wrote: "We pay for our greater theoretical knowledge with diminished practical ability," and Von Steinbeis lately complained, "Theoretical education has been given such a preponderance that even in our smallest workshops the pedantic spirit of the school penetrates the air, a spirit which is not exactly conducive to quick and efficient work, and which is absent in countries which have arrived at a higher stage of industrial development than Germany." Carl Roscher, speaking of the learned proletariat issuing from the Technical High Schools, complained about the insufficient supply of practical workers of the better class, and is of opinion that, "compared with England and the United States, the education of our young engineers at the Technical High Schools costs too much money and too much

time." In a lengthy report on German technical education, published in 1902 by the United States Commissioner of Labour, we read with regard to the Technical High Schools, " The education here received often exceeds the real needs of many branches of industry. Hence there may result a loss of time which could have been devoted to obtaining practical skill."

Many similar opinions given by high authorities on technical education could be quoted, which show that Charlottenburg and the other Technical High Schools of Germany, at which an army of more than 12,000 students are trained, are not an unmixed blessing, and it is not without cause that the best engineers in the world are the practically trained English engineers, although their theoretical knowledge is small, if compared with that of their inferior German competitors. It can also not be admitted that the industrial success of Germany is due to the general education of the masses of industrial workers. The fact that practically every man in Germany can read and write has little if anything to do with that country's prosperity and the flourishing state of its industries. The Belgian industries are comparatively far more flourishing than are those of Germany; yet in Belgium 128 out of every 1000 recruits are unable to write. It should also not be forgotten that Great Britain had the best workmen in the world at the time, when her workers were practically uneducated.

The foregoing sketch, which, for want of space, is necessarily incomplete, should suffice to show that German education, although it has not a few excellent points, is in many respects exceedingly unsatisfactory. The chief practical value of the German schools consists, in my opinion, not in the knowledge dissemi-

nated, but in the discipline instilled, but that part of German education has not been copied by the educational authorities of this country who have merely looked at the programme of the German schools, and who have taken the shadow of German education for its substance. English education, and especially English primary education, is apt to make men lazy and women flighty. It teaches them the way of getting a living without labour, it teaches them self-indulgence and selfishness. Individualism in the worst sense, every one for himself, is the motto of the English school, and the result is that the people endeavour to make a living rather by exploiting others than by working themselves. Even costermongers and crossing-sweepers endeavour to be "employers of labour," and to live by other people's work. German education, on the other hand, teaches the young to work, to obey, and before all to obey the authorities, and that lesson is still further driven into every German man after he has left school by the most powerful educational agency of Germany, the German Army. German education, both civil and military, has, by its teaching of discipline, created a docile population of willing workers, who are easily led by a conscientious, able, and well-intentioned administration; it has created a population which, more readily than the British population, places the interests of the country above personal and pecuniary interests. Bagehot wrote: "The natural impulse of the English people is to resist authority," and he might have added, "to resist each other." That spirit is a national misfortune. In Germany no similar spirit of instinctive and unreasoning resistance to the authorities and no similar spirit of mutual distrust among the citizens, which is the natural corollary

of individualism and of free, unlimited and mutually destructive competition of all with all—the *bellum omnium contra omnes* of Hobbes—is noticeable. Therefore national organisation and national co-operation in matters political and economical, which have made Germany great, could easily be established in that country. It cannot too often and too loudly be asserted that Germany has become great and powerful not through her education as synonymous with knowledge but through her discipline. National co-operation, the co-ordination of all the national forces, which is developed to a higher extent in Germany than in any other country, has proved stronger than individualism which squanders the national forces in constant internecine warfare. But co-ordination is impossible without subordination. Unfortunately the spirit of subordination seems to be incompatible with the spirit of Democracy. According to a great philosopher, the spirit of Democracy is the spirit of jealousy and distrust. German administration, with its highly-developed centralisation and its vast discretionary powers, is based on the confidence of the ruled in their rulers; British administration, with its minute subdivision of power, and its countless checks and counter-checks, which serve rather to obstruct than to regulate, is based upon distrust.

Germany owes her political and economic success certainly not to the book knowledge which her citizens receive in her schools, for the German schools, like all other schools, merely turn out a mob of semi-educated mediocrities possessed of an overworked and tortured memory and of an under-developed or an undeveloped intelligence. Indeed, I venture emphatically to affirm that Germany, with all her schools and universities, and with her army of 300,000 teachers, is a far less

intelligent and far less cultured nation than is the British nation. The general intelligence and culture of a nation may be measured by the Press, which appeals to all, and which reflects the national mind as in a mirror, and I think that no educated German will contradict me if I state that the whole Press of Germany—dailies, weeklies, monthlies—is not only vastly inferior to the British Press, but it is quite unworthy of the intelligence of a cultured nation. The German newspapers and periodicals, generally speaking, are filled not with facts but with trash, and the leading dailies, such as the *Kölnische Zeitung*, *Frankfurter Zeitung*, *Vossische Zeitung*, which contain very little positive information even if compared with a minor provincial English paper, are read only by a few, having on an average a circulation of only about 30,000. A comparison of the *Times* with the *Kölnische Zeitung*, of the *Daily Mail* with the *Berliner Lokalanzeiger*, or *Der Tag*, of *Punch* with *Kladderadatsch*, of the *Deutsche Rundschau* and the *Deutsche Revue* with the great English monthlies, will show that the reading matter presented to all ranks and classes of German society is of a deplorable type. The German Press is a century behind the English Press, and the low standard of the whole German Press shows that the German nation is not a nation of thinkers. On the contrary.

Schopenhauer wrote: "Few learned men have as much common-sense as is frequently found in the quite unlearned." Most great men have either lacked school training or have been amateurs. Our greatest engineering geniuses were working men devoid of technical education. Arkwright, originally a barber, was never at school, Josiah Wedgwood started work when eleven years old, Alfred Krupp was a smith,

Edison was a newsvendor, and a hundred similar examples could easily be quoted. The greatest men not only in industry, but in all ranks of life, were self-taught. After all a teacher cannot teach more than he knows, and teachers, being usually mediocrities, turn out mediocrities. Art, industry, and science flourished most in this country when education was at its lowest ebb. Education will give us neither political nor industrial leaders, for these must educate themselves. At the same time it should not be forgotten that leaders without followers are almost useless, and the utility of the German schools lies in this that they turn out a huge rank and file of educated mediocrities. The hosts of mediocre German chemists have established the most flourishing industry in the world by making use of the inventions of the great chemical geniuses of England and France who, lacking an adequate rank and file, were unable to utilise their inventions in their own country.

The foregoing paper shows that German education has in this country been much overvalued and much misunderstood, and it seems to be a dangerous experiment to model British education on the more unsatisfactory part of German education, the dissemination of knowledge, which is by no means the strong point of the German educational system, except from the philologist's point of view. After all, great national institutions, such as Parliament, civil service, army, and schools, cannot mechanically be copied from other nations, because such institutions are not dead things, but living organisms which have slowly grown up from a deep historical and national foundation. National education and national armies must before all be national, they must be in accordance not only with the peculiar requirements of the country, but

also with the peculiar character and spirit of its inhabitants. If we wish to introduce the German educational system into Great Britain, and to make it a success, we must begin by turning Englishmen into Germans.

CHAPTER XVI

THE RURAL INDUSTRIES OF GERMANY

For about thirty years British agriculture has steadily been losing ground, and the consequence to agriculturists and to those whose means are invested in agricultural property have been disastrous. The total loss of capital invested in agriculture which has taken place since 1874, owing to the decay of our rural industries, has been estimated to amount to the colossal sum of about £1,000,000,000; but it seems likely that that estimate is too low, and that the total loss is about twice larger than the whole amount of our National Debt.[1] Some people are of opinion that the further decay of our agriculture may be stopped by cheap freights, co-operation, &c.; but others, and they are the vast majority, frankly despair of our rural industries. In fact, most British statesmen, politicians, political economists, and publicists declare that the destruction of our rural industries was inevitable; and the axiom has been laid down that a European State cannot possibly, on its limited and overcrowded territory, pursue agriculture at a profit, because it cannot compete with the United States, Argentina, &c., where good land is cheap and plentiful.

It has become a conviction with most Englishmen that a European State cannot possess at the same time flourishing manufacturing and prosperous rural

[1] Mr. Palgrave, in a lecture held on the 22nd February 1905, estimated that the agricultural loss during the last thirty years amounted to £1,700,000,000.

industries, and the industrial backwardness of France, Holland, Denmark, countries where agriculture is prosperous, appears to confirm this theory. But, as Belgium and Germany possess, side by side, both highly developed manufacturing industries and a flourishing agriculture, that theory appears to be untenable. Therefore, it is worth while to investigate whether the agricultural prosperity of Germany, our chief industrial competitor, is real or apparent, ephemeral or likely to last, harmful or helpful to her manufacturing efficiency; and it is clear that, if Germany can make her rural industries pay, Great Britain, which is far more favoured by Nature for the successful pursuit of agriculture, should certainly be able to do better than Germany.

Compared with Great Britain, Germany possesses a poor soil, an unfavourable geographical position and structure, and an unfavourable climate, her winter being long and very severe. Her transport facilities for agricultural produce by land and water, were formerly quite insufficient, and even now her agricultural produce has to be carried for hundreds of miles inland to the markets, whilst British fields are everywhere in easy reach of the sea and of cheap transport. Even to-day, German agriculture has to battle with long distances. In East Prussia and Pomerania, for instance, there are agricultural districts which lie twenty miles from the nearest railway station. The rural labour of Germany also was, and probably is still, inferior to that of Great Britain. A century ago, the German peasants were serfs—serfdom lingered in places until the middle of the nineteenth century; and even now the independence of the peasantry is, in many parts of Germany, more theoretical than real. Therefore Germany's rural

population was, and in certain parts of Germany is still, obstinately and stupidly conservative. When Frederick the Great distributed clover seed to the peasantry, they refused to sow it. When ordered to sow the seed, the peasants boiled it first in order to prevent it sprouting; when given seed potatoes, they boiled the seed potatoes before putting them in the ground.

Owing to the poverty of the soil, the inclemency of the climate, long distances, the difficulties of transport, and the backwardness and poverty of her rural population, agriculture in Germany was extremely primitive when it was highly successful and prosperous in this country. Some decades ago, prices for corn and meat were exceedingly low in Germany, cattle were kept chiefly for ploughing and for manure, and were largely fed on straw. Agricultural Germany used to bear an aspect similar to that of agricultural Russia of to-day. However, during forty or fifty years, the rural industries of Germany have continually progressed, and they have even progressed during the last decades, when Great Britain suffered from an unparalleled agricultural depression.

Between 1875 and 1900, 2,691,428 acres which were under cereals, and 755,255 acres which were under green crops, have in this country gone out of cultivation, and nothing but grass grows now where the plough used to work. But, notwithstanding the great increase of pastures, the number of live stock in this country has, during that time, increased by only 10 per cent. If we now turn from this dismal picture of decay to Germany, we find that during the most trying period of our agriculture, the rural industries of Germany show the following record :—

AGRICULTURAL AREA OF GERMANY

Hectares

	Corn crops	*Green crops*	*Gardens*	*Grass lands*
1883	157,239,700	67,006,000	4,159,500	33,368,300
1893	159,921,200	70,181,200	4,726,200	27,603,500
1900	160,509,900	74,377,900	4,827,900	22,857,400

From the foregoing figures we see that, during a period when, in Great Britain, an enormous area which was under the plough was abandoned to grass, the area under grass in Germany has shrunk by no less than one-third, because that portion has been taken under the plough and has been converted into fields. But not only has the acreage of fields on which cereals and vegetables are grown been considerably increased in Germany, at the same time agricultural processes have so greatly been improved that each acre of agricultural land produces now very much more than it used to produce in former times. This fact is apparent from the following table :—

YIELD PER HECTARE OF GROUND IN KILOGRAMMES

	Wheat	*Rye*	*Barley*	*Oats*	*Potatoes*	*Hay*
1893	1670	1490	1480	1070	13,410	2230
1894	1690	1340	1780	1680	11,110	3830
1895	1640	1320	1680	1550	12,390	3700
1896	1770	1430	1650	1500	10,590	3900
1897	1700	1370	1560	1430	11,010	4280
1898	1840	1520	1730	1690	11,920	4380
1899	1910	1480	1820	1720	12,290	4040
1900	1870	1440	1800	1720	12,610	3910
1901	1580	1400	1790	1600	14,670	3760
1902	2040	1540	1890	1800	13,410	4370
1903	1970	1650	1950	1840	13,250	4450
1904	1980	1650	1810	1660	11,040	3620
1905	1920	1560	1790	1570	14,570	4410
1906	2030	1580	1890	2000	13,000	4830

From the foregoing tables it appears that the

agricultural area of Germany has been considerably extended, and that the produce per acre has been universally and enormously increased. At the same time the live stock of Germany has astonishingly multiplied notwithstanding the great shrinkage of grass lands. The following figures give a record of the fluctuation in the numbers of live stock during twenty-seven years :—

LIVE STOCK OF GERMANY

	Horses	*Cattle*	*Sheep*	*Pigs*
1873	3,352,231	15,776,702	24,999,406	7,124,088
1883	3,522,525	15,786,764	19,189,715	9,206,195
1892	3,836,256	13,555,694	13,589,612	12,174,288
1897	4,038,485	18,490,772	10,866,772	14,274,557
1900	4,184,099	19,001,106	9,672,143	16,758,436
1907	4,337,263	20,589,856	7,681,072	22,080,008

From the foregoing table we see that, whilst British live stock, owing to the enormous increase of the area under grass, has increased by only about 10 per cent., the horses of Germany have increased by about 33 per cent., the cattle by about 31 per cent., and the pigs by no less than 215 per cent., notwithstanding the decrease of pasture land in Germany. It is true that at the same time the number of sheep has declined by more than 17,000,000, largely owing to the shrinkage of pasture land which was turned into fields ; but this shrinkage is not so serious as it seems. In Germany two pigs represent about the same value as do five sheep. Consequently, the 15,000,000 pigs which have been added represent more than double the value of the 17,000,000 sheep which have been lost.

During the Live Stock Census of 1873, the animals kept in Germany were not valued, but when we compare the years 1883 and 1900, we find that the

value of the live stock has, during these seventeen years, risen from £278,845,000 in 1883, to £384,920,000 in 1900. During that short period, the value of the German live stock has therefore increased by £106,075,000, or by about 40 per cent., an amount which is equal to about one-sixth of our National Debt, and which would buy an overwhelming fleet of eighty first-class battleships.

The total area of Germany is about 70 per cent. greater than that of Great Britain, and as the population of Germany is about 50 per cent. larger than is that of this country, Great Britain is not much more densely populated than is Germany, and both countries may fairly be compared by size and population with regard to agriculture. We find that, both per square mile of territory and per thousand of population, there are more horses and more cattle in Germany than in Great Britain. Besides, there are five times more pigs in that country than there are in Great Britain. Only in sheep this country has a great advantage over Germany, but this is not an advantage for which German agriculturists will envy us. Sheep require to be kept in the open —that is, on grass land. Hence, only waste lands in the interior of Australia and of Argentina, but not valuable agricultural land in populous parts of Europe and in the immediate vicinity of their natural markets, are considered in Germany proper for rearing sheep. The soil of Germany is thought to be too valuable to serve as prairie land.

How severely the value of agricultural land has fallen in this country, and how ruinously low is the price of land, is too well known to require description. In Germany also, agricultural land has fallen in value, but in that country the decline has been so very

with the

small as to appear almost trifling. The rent of domains per hectare has changed between 1890 and 1899 as follows :—

RENT OF DOMAINS PER HECTARE

	1890-1	1899
Königsberg	24.48 marks	22.54 marks
Posen	20.62 „	18.89 „
Breslau	45.19 „	41.78 „
Hanover	56.59 „	63.97 „
Cassel-Wiesbaden . . .	48.56 „	48.23 „
Magdeburg (first class soil)	91.80 „	90.63 „

The districts given are thoroughly representative of all parts of agricultural Germany, and it appears from the foregoing table that, whilst the value of land, as measured by the rent of the domains, has slightly fallen in a number of cases, it has slightly risen in others. Consequently, it would seem that the complaints of the German agrarians as to the ruin of Germany's agriculture are hardly justified.

If we now look into the remuneration of rural labour in Germany, we find that, between 1873 and 1892, agricultural wages have changed as follows :—

AVERAGE OF AGRICULTURAL WAGES IN GERMANY, PER DAY

	1873	1892
Saxony	1.61 marks	2.30 marks
Rhine Province . .	1.78 „	2.00 „
Westphalia	1.72 „	1.86 „
Pomerania	1.62 „	1.83 „
East Prussia	1.14 „	1.50 „

In examining the foregoing table, it should be remembered that agricultural labourers receive almost universally, in addition to their money wages, a participation in the harvest, and other payments in

the shape of agricultural produce, &c. On an average, agricultural wages have risen by about 25 per cent. between 1873 and 1892, and they have risen by another 25 per cent. since the latter year. Consequently, it is clear that the prosperity of Germany's agriculture is not due, as some assert, to the stationariness of rural wages.

If a German agriculturist fails, his lands are sold by public auction. Consequently, the statistics of such forced sales give a good indication of the real position of Germany's agriculture. The number of forced sales has, since 1886, declined as follows, in Prussia :—

FORCED SALES IN PRUSSIA

1886–7	2979 holdings
1889–90	2014 ,,
1892–3	2299 ,,
1895–6	1834 ,,
1898–9	1210 ,,

On an average, not one holding out of every six hundred is yearly sold by public auction, and it should be noted that, on an average, nine-tenths of these sales take place in Eastern Germany, where peculiar agricultural conditions prevail, which will be described in the course of this chapter, and that three-quarters of the holdings sold consist of very large farms and estates from one hundred and twenty-five acres upwards. Forced sales are therefore exceedingly rare in the middle and west of Germany, and especially in the case of small and medium-sized farms.

How exceedingly profitable agriculture is in Germany may be seen by comparing it with that of Great Britain. If we make such a comparison, we

find not only that there is proportionately more live stock in Germany than in this country, but also that the area under corn-crops, potatoes, &c., is six times greater in that country than in Great Britain, and that the rural industries of Germany afford a livelihood to a rural population which is between four and five times greater than that of this country.

We shall now proceed to inquire why Germany, with a poor soil, an unfavourable climate, bad geographical conditions, and a somewhat intractable peasantry, possesses a prosperous and vigorously expanding agriculture, whilst the agriculture of Great Britain, which possesses a better soil, better climate, a better geographical position, a more open-minded and progressive rural population, better markets, and which had a far better start, and far more capital, is rapidly, and, it is said, irretrievably decaying.

If a man takes a railway trip through the British Islands, and looks frequently out of the window, he will notice chiefly grass fields, which cover 60 per cent. of the agricultural area of the United Kingdom, but he will rarely see cereals growing. If he takes a railway journey through Germany, he will see chiefly cereals, which, in that country, take up more than 60 per cent. of the agricultural ground. The proportion of grass lands in Germany is no greater than is the proportion of oat-fields in Great Britain. In other words, pastures are met with as rarely in Germany as oat-fields are in this country.

The following most important table shows how agricultural land is owned in Germany, and therefore gives a bird's-eye view of the distribution of agricultural land in that country.

AGRICULTURAL HOLDINGS IN GERMANY IN 1895
(No later date is available)

Size of Holdings	Number of Holdings	Total Size of Holdings	Average Size of Holdings	Percentage of Agricultural Area
		acres	acres	per cent
Up to 2½ acres.	2,529,132	2,026,602	·8	2.5
2½ to 5 acres .	707,235	2,594,507	3	3.1
5 to 10 acres ·	1,016,318	8,214,960	8	10.1
12½ to 25 acres.	605,814	10,584,140	17½	13.0
25 to 50 acres .	392,990	13,720,537	35	16.9
50 to 125 acres	239,643	17,783,077	70	21.8
125 to 250 acres	42,124	6,891,515	165	8.5
250 to 1250 acres	20,881	11,560,648	560	14.4
1250 and more acres . . .	4,180	7,018,855	1700	9.7

In the whole of Germany there were in 1895, 5,558,317 agricultural properties, and the average size of the properties was about fifteen acres of agritultural land. It is remarkable that there were no less than 3,236,367 individual holdings of average size of three acres and under. On the other hand, it should be observed that by far the greater part of the agricultural soil of Germany, namely, 71 per cent. of the total, was owned by agriculturists who cultivated more than twenty-five acres. Consequently, it is apparent that German agricultural land is chiefly exploited, not by small peasants, as is so often asserted in this country, but by well-to-do farmer-peasants, who possess substantial properties.

The difference in the size of the individual holdings appears to bring with it a striking difference in the way in which these are cultivated, as will be seen in the following :—

Germany may be divided into two agricultural spheres, the Eastern part and the Central and Western

part. The east of Germany is flat, sandy, and somewhat thinly populated. It is insufficiently opened by waterways and railways, and land is chiefly in the hands of aristocratic owners, who possess large, and sometimes huge, estates. In the middle and the west of Germany, the country is broken, the soil is more fruitful, the population is denser, manufactures prevail, markets are near at hand, waterways and railways are plentiful, and land is chiefly held by small farmers and peasants who, as a rule, work on freehold land.

Of the properties below five acres, 65.2 per cent. are freehold; of those from five acres to fifty acres, 88.2 per cent. are freehold; of those from fifty to two hundred and fifty acres, 92 per cent. are freehold; of those above two hundred and fifty acres, 80.4 per cent. are freehold. It therefore appears that the proportion of freeholders is smallest among the very small and among the very large proprietors. Of the properties of medium size which cover the greater part of agricultural Germany, the proportion of freehold land is largest, and more than 90 per cent. of the ground of medium-sized agricultural establishments consists of freehold properties.

The small agriculturists of Germany produce, on the whole, larger harvests per acre than do the large landowners, who cultivate their fields with hired labour. Largely owing to this difference, the middle and the west of Germany are chiefly devoted to high culture. In the east of Germany, where the large landowners sit, we find poor fields, less thorough cultivation, and smaller crops. East Germany thus resembles Great Britain not only in this, that the land is in the hands of a few large owners, who like to enjoy themselves in town, and who leave the

supervision of their estates to their paid underlings; but a further resemblance to this country may be found in the fact that, in those districts, the raising of live stock is more developed than is the cultivation of the soil. Nevertheless, we discover the surprising fact that the small landowners in the middle and the west of Germany are not only more efficient in agriculture, but also in stock-raising, for the small agriculturists raise on their holdings far more horses, cattle, and pigs per acre than do the large proprietors in the east. The German live stock is distributed as follows between large and small agriculturists :—

AVERAGE QUANTITY OF LIVE STOCK KEPT ON 250 ACRES OF GROUND

On properties from 5 to 50 acres	*On properties from 50 acres and more*
16 horses	11 horses
147 cattle	37 cattle
242 pigs	20 pigs

In Germany one head of cattle is considered to be equal in value to two-thirds of a horse, or to four pigs. If we now reduce the live stock kept on the farms of the two types given, to "pig-units," if such a word may be coined, we find that the owners of fifty and more acres raise only 227 pig-units on the same quantity of ground on which smaller farmers raise 915 pig-units. In other words, on an area of the same size small agriculturists raise a little more than four times more live stock than is raised by the bigger landowners.

The following somewhat more detailed figures give a most interesting picture of the greatly varying density of the live stock population on farms of different sizes. They show that small holdings are most favourable for raising pigs, that middle-sized

properties are most suitable for raising cattle and horses, and that large properties are least suitable for raising live stock, excepting the comparatively valueless sheep. In Germany one pig is estimated to be equal in value to two and a half sheep, as has already been mentioned.

AVERAGE NUMBER OF ANIMALS PER 250 ACRES ON PROPERTIES OF VARIOUS SIZES

Size of Holding	*Horses*	*Cattle*	*Pigs*	*Sheep*
Below 2½ acres . . .	4.5	67.0	289.6	45.1
2½ to 5 acres . . .	5.3	87.4	112.1	20.2
5 to 12½ acres . . .	6.9	85.3	71.2	14.9
12½ to 50 acres . .	11.8	64.1	43.3	19.3
50 to 125 acres . . .	30.0	49.7	29.6	33.7
125 to 250 acres . .	11.9	40.4	20.1	40.0
250 to 1250 acres . .	8.9	28.5	13.0	69.7
1250 and more acres	7.5	20.0	8.9	91.7

From the foregoing tables it appears that the large holdings of Germany are unfavourable to the thorough pursuit of agriculture and to efficiency in cattle-raising as well. But here, as in other things, *les extrêmes se touchent.* If holdings become too small, animals can neither be raised nor be employed in the fields, spade work becomes necessary, and human labour has to take the place of animal labour or machine labour, a process which, in Europe, is opposed to true economy. The fact that small holdings are for this reason uneconomical appears clearly from the following figures :—

AVERAGE NUMBER OF ANIMALS USED FOR WORK, PER 250 ACRES, ON PROPERTIES OF VARIOUS SIZES

Size of Holding	*Horses*	*Cattle*
Below 5 acres	3	23
5 to 50 acres	9	19
50 and more acres	8	3

Evidently the very small peasant cannot always avail himself of animal labour on his tiny holding, owing to poverty, lack of accommodation, or lack of fodder. Therefore we find that the men who own less than five acres use, on an average, one-third of the horse power which is employed on properties of larger size. The very small cultivator makes, however, a greater use of cattle for pulling his plough than does the owner of a medium-sized farm, and his only cow has not infrequently to labour in the fields. The large landowner, on the other hand, appears not to make the fullest use of animal power, for we find from the foregoing figures that he employs a smaller number of horses and cattle for work than does the smaller cultivator.

It might be expected that the large German landowners, who use less animal power for cultivation than do the small farmers, would be easily first in the use of labour-saving, steam-driven machinery. This appears not to be the case, for we find that the smallest number of steam-driven agricultural machines is used in the province of East Prussia, where huge estates are common, whilst the largest number of machines is employed in the province of Saxony, where middle-sized and small holdings prevail. The fact that labour-saving machinery is more used on medium-sized than on large properties is clearly brought out in the following figures, which relate to those two provinces :—

AGRICULTURAL STEAM MACHINERY USED IN 1895

	Steam Ploughs	Steam Drills	Steam seed-casting Machines	Steam Manure Distributors
Saxony	428	31,323	554	929
East Prussia . .	17	823	1265	578

The difference in the quantity of machinery used in purely agricultural East Prussia, with its huge estates, and in chiefly industrial Saxony, with its small agriculturists and independent peasants, is startling; and this difference in the manner of cultivation goes far to explain why the German agrarians east of the Elbe loudly complain about agricultural depression, whilst the peasants west of the Elbe appear to be doing very well, and to be, on the whole, prosperous and contented.

If we now look into the indebtedness of the agricultural soil in Germany, we find the following astonishing variations in the various districts :—

ESTIMATED INDEBTEDNESS OF THE AGRICULTURAL SOIL

	East Germany	
District	Königsberg	50.90 per cent.
„	Gumbinnen	48.58 „
„	Dantzig	55.11 „
„	Marienwerder	55.68 „
	Central Germany	
„	Magdeburg	22.82 „
„	Merseburg	27.82 „
„	Erfurt	23.40 „
	West Germany	
„	Cologne	17.94 „
„	Treves	15.83 „
„	Aix-la-Chapelle	13.32 „

The foregoing table is based on carefully compiled official estimates, and the thoroughly representative figures used are taken from the official hand-book of the Agrarian Party. From this table it appears that the agricultural indebtedness of the soil is dangerously large in the east of Germany, medium-sized in the centre of the country, and small in the

west of Germany. This curious difference arises from the fact that in the east of Germany huge estates preponderate, whilst in the centre of Germany middle-sized properties and in the west small holdings prevail. The large German landowner in Pomerania and East Prussia, who bears a well-known name, can easily borrow from banks and other institutions at a reasonable rate of interest, and he does so freely and somewhat indiscreetly. Hence, his estates are encumbered with debts up to the hilt. The medium-sized and somewhat obscure agriculturist in Middle Germany cannot so easily raise money on his land, and he has to apply to private investors for a loan. Lastly, the small cultivators who prevail in the Rhenish Province, where, owing to the use of the Code Napoleon and the French law of succession, the land has been divided and subdivided in equal parts among the children so often that individual holdings have become very small, find it impossible to raise money on their freehold properties at any price.

In Great Britain such small landowners and peasants would find no difficulty in raising money on their land, for local usurers would prosper on the ignorance, the improvidence, or the inexperience of the small cultivators to whom they would lend money at 30, 50, or more per cent. But the paternal Government of Germany is sensible enough not to allow usurers to prey upon the ignorant or foolish producers. Usury is as good as non-existent in Germany, owing to most stringent usury laws. Consequently, if the German cultivator cannot raise money at low rates (up to 6 per cent.) and on fair security, he cannot borrow money at all. This disability is, no doubt, very inconvenient to some improvident individuals, but from the point of view of truly national economy it seems a

lesser evil to suppress the usurers altogether than to allow them to become prosperous by relentlessly exploiting the poor, the weak, and the foolish.

From the facts and figures which have so far been given, it is clear that the rural industries of Germany are highly prosperous, but it is equally clear that the prosperity of the German agriculturists is variable, and that it stands in a somewhat close relation to the size of their holdings. The larger properties appear to be somewhat unproductive, and to be uneconomically exploited, largely because their owners are not qualified, or not willing, to manage their estates themselves. That large estates should yield disappointing results is only natural. Hired labourers will work as little as possible for their wages, and managers and overseers will act in a similar manner. But even if these paid agents are conscientious, their supervision will, in any case, cause a considerable extra expense which burdens the land.

Many large landowners in Germany wish to shine in Parliament or in society, or simply to enjoy themselves, finding the country too dull. Such men—and they are very numerous among the large landed proprietors—desire to spend much money, which they can easily raise on their estates. Hence, the large estates of Germany are not only the most wastefully exploited rural properties, but they are at the same time those which are most heavily burdened with mortgages.

Whilst the large estates suffer from the superfluity of land and the extravagance of their owners, who, in their turn, suffer from superfluity of leisure, the very small peasants' properties suffer from lack of capital and from lack of labour-saving animal and machine power. For these reasons, inefficient culti-

vation is common on both the largest and the smallest agricultural properties. Therefore land passes from the hands of very small peasants and of very large landowners into the hands of townsmen, and in the end the former freeholders are replaced by agritultural leaseholders and labourers. For these reasons, we find that men who work less than five acres have only 65.2 per cent. of freehold land, and that the men who cultivate more than two hundred and fifty acres have only 86.4 per cent. of the whole land, whilst the agriculturists who possess medium properties have more than 90 per cent. of freehold land.

On properties measuring from five to two hundred and fifty acres are found the substantial peasants and peasant-farmers who are the backbone of Germany's agriculture. Nine-tenths of their fields are freehold land. Their land belongs to them and to their descendants for ever. These peasant proprietors usually cultivate their holdings with the assistance of their families. The men do the hard work in the fields, the women look after the cattle and the children, help at harvest-time, when the rural schools close in order to enable the small peasants to get assistance of their youngsters in picking up potatoes, gathering sheaves, picking fruit, &c. Each member of the peasant's family works with love and earnestness, not for a daily wage, but for himself, with the sense and pride of property, and of absolute ownership. Where holdings are so large that outside assistance is required, farm servants or labourers are hired who, as a rule, live with the peasants. They form part of the peasant's family, and work under the constant supervision of the owner. Consequently, an agricultural labourer is certain to do far more work on a peasant's farm in Westphalia, under the eye of the

master and owner of the farm, than on a big estate in Pomerania under the supervision of paid stewards and inspectors, who strut or ride about in a leisurely fashion, who become lazy in their comfortable and easy posts, and who half the time think of their private affairs. The well-to-do peasant is thrifty, robust, healthy, and contented, whilst the small peasant, who has but a few acres, works himself to death, owing to lack of land, lack of capital, and lack of labour-saving animal and machine power.

Some distinguished British politicians and statesmen have recommended dividing the agricultural land of Great Britain, which policy has been summed up in the cry "Three acres and a cow." Three acres and a cow may perhaps be a good electioneering cry, but it is not a good policy. Although life with three acres and a cow may appear most idyllic to the townsman, who takes his armchair as a coign of vantage, it is the reverse of idyllic from the countryman's point of view. If the policy of "three acres and a cow" should ever be carried out in Great Britain, it would lead, no doubt, to a resettlement of the people on the land. But it seems hardly desirable that the proletariat of the slums of our congested towns should, by an ill-considered but well-meant policy, at a huge cost to the nation, be dumped into the country and be transformed into an equally wretched and miserable proletariat of the country. Besides, such an artificially created proletariat could not be made to stop. A cloud of usurers would descend on the country, and the British stage-peasants, after having eaten their cow, would as rapidly as possible raise enough money on their three acres to buy a ticket for the United States or for Canada, and the British country districts would be left more desolate and

more unproductive than before. Such an experiment would certainly end in failure and in an enormous loss of national capital.

What Great Britain requires for the salvation of her agriculture is, in the first place, the gradual creation of a substantial peasant class, who work with their own hands on freehold agricultural properties of moderate size.

In every business a certain fixity of conditions is required in order to make it attractive to men who are willing to work. Where that fixity of conditions is lacking, a calculation of risks and chances is impossible, and business is turned into speculation. If the peasant has no land of his own, but has to pay rent, his heart is not in his work, and cannot be in his work. The improvements which he undertakes may eventually benefit the landlord. His rent will, in bad seasons, be so unbearably high as to ruin him ; in good seasons it will be so low as to allow him to sublet his land at a profit. Hence agriculture, under a tenant system, lacks stability and security. The peasant or farmer will be turned into a speculator, but not into a cultivator.

Politicians who are insufficiently acquainted with the real conditions of agriculture may, of course, devise an elaborate system for the fair and automatic adjustment of rents, and for securing to the cultivators at the end of their tenure the fruit of their labour, by making enactments which are to insure these ends. But such a system, which may look very excellent on paper, would hardly work in practice. In the first place, such a system would be too complicated to make it understandable and attractive to the average countryman. In the second place, a huge and costly official machinery would have to be created,

and the peasant would, in the end, have to pay for that mediating and adjusting service which would be chiefly productive of dissatisfaction and much costly litigation. Therefore a freehold peasantry must be created, and it could be created out of our so greatly reduced army of rural labourers. Only then will Great Britain have again a sturdy, prosperous, and contented yeomanry as of old.

The creation of peasant freeholders should be accompanied by legislation abolishing the necessity of enclosing agricultural properties with hedges, fences, &c. Our hedges give, no doubt, a peculiar charm to the landscape, and are therefore dear to the town-dweller, but they constitute a very onerous burden for all agriculturists. The expense of planting a hedge, and of keeping it in order year in year out, is very great. Besides, the agricultural ground which is wasted through hedges is not only the strip on which the hedge grows; for, as it is difficult to go close to the hedge with plough and harrow, two huge additional strips on both sides of every hedge around every enclosed field remain unproductive. Thus hedges and fences cause an enormous unnecessary expense and waste, which would be much increased if, through the creation of small holdings, hedges would have to be multiplied. Surely, in Great Britain, as in most other European countries, boundary stones at the corners of every field, together with carefully-kept local registers of rural properties, should suffice to show the limits of individual holdings, and should make our wasteful and primitive methods of enclosing unnecessary. No doubt the fall of the hedges would diminish the picturesqueness of the country, but their fall would immediately enhance the value of our agricultural soil by many millions of pounds, and the

army of men who now every year clip the hedges may turn their hands from useless to productive labour.

In most countries of Europe the peasants were formerly landless serfs, who had to be liberated and to be enabled to acquire land of their own by gradual payments spread over a number of years. Germany did so a century ago, and Great Britain will have to do likewise for the continuance of the impossible tenant system means the extinction of our agriculture. If we wish to possess again flourishing rural industries, we must begin at the base, and must first of all abolish the present system of land tenure, and replace it by a system of freehold property. We must begin by giving to our agriculture a stable, safe, and permanent basis. If the cultivator has ground of his own, he will love and cherish it. Otherwise, he will desert the country without a regret, and either emigrate or come to reside in the slums. Landowners will find it in their interests to sell gradually their land, instead of letting it to cultivators under a system which greatly benefits a host of unproductive and useless middlemen, such as solicitors, stewards, managers, rent-collectors, bailiffs, &c., whom landlords and tenants have to keep at a large expense to themselves.

British farmers complain loudly of the insufficient number of rural labourers, and the lack of agricultural workers is so great in this country that at harvest time swarms of town loafers, of casual labourers, and of out-of-works migrate from the slums to the country, and these men are employed by the farmers, notwithstanding their utter unsuitability. In Germany also, the army of agricultural labourers has been shrinking during the last two decades, but by no means to such an extent as in this country. At the census of 1882 there were 5,763,970 rural labourers, male and female,

in Germany, but at the census of 1895 only 5,445,924 agricultural hands were counted. Therefore a decrease of 318,046 hands, or of about 5½ per cent., has taken place during thirteen years. This decrease is quite insignificant if compared with the rapid exodus of the rural labourer which has taken place in this country.

The slight decrease in the number of rural labourers in Germany is partly due to the fact that machine power has largely supplanted men power and animal power in Germany's agriculture. In Prussia alone, the the power of machinery used in agriculture has risen from 24,000 horse-power in 1879 to 133,000 horse-power in 1897, and at present the horse-power available for agriculture in Germany should amount at least to 250,000. At first sight it seems almost incredible that almost five and a half million men and women should be available as farm hands in Germany, in view of the fact that the manufacturing industries are most flourishing in that country, that town wages are far higher than country wages, that the attractions of town are as enticing in Germany as they are over here, and that all farm labourers make a lengthy acquaintance with town life when serving as soldiers in garrison towns. Consequently, it is worth noting why the country population remains almost stationary in industrial Germany.

Two classes of agricultural workers have to be considered, viz. farm servants, who are engaged for a lengthy term, and day labourers. The huge army of farm servants, male and female, is composed of the sons and daughters of small peasants, who send their children into service, partly in order that they should earn a living, partly in order that they should learn improved methods on the larger farms. The male farm servants expect to come, in course of time,

into the freehold property of their parents, and therefore refuse to sacrifice a certain livelihood in the country to an uncertain one in the towns; whilst the female farm servants naturally wish to work near their home and their friends. The day labourers also are partly the children of small peasants, and they refuse to leave the country in which they have a substantial stake; partly are they small peasant proprietors, with properties of their own, which are so small that they have to accept some outside work in order to make a living. The following most interesting table gives a clear picture of the different status of agricultural day labourers in the east and in the west of Germany.

Eastern Germany

	Agricultural day labourers with land	Agricultural day labourers without land
East Prussia . . .	12,935	154,777
Westphalia	13,578	117,927
Pomerania	14,475	111,457

Western Germany

Rhenish Province .	28,866	38,411
Hesse-Nassau . . .	12,172	15,744
Westphalia	15,828	16,425

From the foregoing figures we see that the landless labourers, the agricultural proletariat, form in the east of Germany, as they do in Great Britain, the overwhelming majority of agricultural hands, for in that part of Germany hardly one labourer out of ten has land of his own. On the other hand, in the Western Provinces, the day labourers who own land, and those who do not own land are about equal in numbers. In the Eastern Provinces, where huge estates owned by noblemen are to be found, the day

labourers are considered by the lord of the manor merely as two-legged cattle, and they are only too often treated as such. Therefore the whole interest of these landless labourers lies in their daily wages, exactly as it does with British rural labourers, and they leave the country for the town in order "to better themselves," without hesitation and without regret, as do our own agricultural hands. Therefore, it comes that in the east of Germany, where agritulture bears some resemblance to that of this country, the cry of lack of labour on the part of the farmers is just as loud and as bitter as it is in Great Britain, and there also the owners of the big estates complain that the labourers take no interest in their work. The lack of rural labour both in east of Germany and Great Britain springs evidently from the same cause—the landlessness of the rural labourer.

Many British landowners have been wise enough to give to their day labourers a stake in the country in the shape of a cottage and a plot of ground, and their labourers stay in consequence; but the great proprietors in the east of Germany, instead of acting likewise and thus settling their men on the land, have had the incredible heartlessness and hardihood to propose and to clamour for legislation restricting the freedom of migration for rural labourers. In the west of Germany, where middle-sized, small, and very small farms are mixed, the scarcity of rural labour appears to be much less in evidence. Happily for the employers of agricultural labour in Germany, the rural wages paid in Austria-Hungary and Russia are so low that every year an army of from 200,000 to 400,000 rural labourers flock from Poland and Galicia into Germany. These temporary immigrants supply the needful labour at the most critical time of

the year, exactly as do the Italian labourers, who yearly migrate for a time in hundred thousands into France, Switzerland, and even into Argentina. It would seem dangerous for Germany's agriculture to rely to too large an extent on such temporary assistance, and Germany will do well to make the acquisition of land as easy as possible for those of her rural labourers who at present are without land.

British agriculture has the alternative either of creating a large number of peasant proprietors and peasant labourers, or of employing in constantly growing numbers our slum-dwellers, who, of course, may be reinforced by immigrants from abroad. As foreign agricultural labourers will probably prove more suitable, it seems very possible that our rural districts will, in future, be populated only by rich men, their servants, tradesmen, &c., and that the work which has to be done will be done by foreign temporary immigrants, unless we create a huge number of freeholders. If British freeholders should not be created in large numbers as rapidly as possible, our agricultural work will have to be done by foreigners; the British population, the rich men excluded, will almost exclusively live in town; and the national physique will still further deteriorate.

The foregoing shows that the possession of freehold land is not only most important to the farmer as an inducement to do his best, but that it is also of great importance inasmuch as it attaches rural labour to the soil.

In the manufacturing industries and in trade, young men are chiefly wanted, and in advertisements for labour it is frequently stated that men above forty or fifty years need not apply. Old men are almost useless for manual labour in towns, and they

easily become paupers there, whilst they could find plenty of work in the country. According to a census which was taken on the 14th June 1895, the proportion of agricultural labourers above fifty years in Germany was 15.80 per cent., while the proportion of industrial labourers above fifty years was only 9.30 per cent.; the proportion of agricultural labourers above sixty years was 7.31 per cent., whilst the proportion of industrial labourers above sixty years was only 2.93 per cent.; the proportion of agricultural labourers above seventy years was 1.94 per cent., whilst the proportion of industrial labourers above seventy years was only 0.53. From these figures it appears that the chance for old men to find employment in agriculture is in Germany from two to four times greater than is their chance to find occupation in trade and in the manufacturing industries. In Great Britain, where town life and town work is more of a rush and scramble than in Germany, the chance of finding occupation for men above forty or fifty years should be from three to six times greater in agriculture than in the manufacturing industries and in trade. From three to six times more old men could earn a living in agriculture than they can in industrial pursuits; and if our agriculture should again become prosperous, the nation might usefully employ many thousands of old men in the fields and the farms who live now in the workhouse, and millions which are yearly spent in poor relief might be saved.

In the beginning of this chapter it has been explained that Germany's agriculture was very poor and most primitive at a time when the rural industries of Great Britain were most advanced and most flourishing. When British agriculture was at the height of its success, and when our farmers made money, the

spirit of scientific inquiry and experiment arose, and the ambition to make improvements of every kind was very strong in this country. Hence, French and German agriculturists and economists flocked to this country to study and to copy our then so highly advanced agricultural methods, which served as a model to all nations.

On the model of British agriculture the present prosperity of the agriculture of Germany and France was founded, incredible as it may seem if we compare the agricultural position of those countries with ours at the present day. Between 1798 and 1804, Albrecht Thaer published his celebrated work, "Introduction to the Knowledge of English Agriculture," in three volumes, which was followed by a work in four volumes, entitled "The Fundamental Principles of Agriculture," which was also based on his study of our rural industries. These books became the German agriculturist's Bible, honours were showered upon Thaer during his lifetime, and life-sized statues in marble and in bronze of the man who introduced British agricultural methods into Germany may now be found in Celle, in Leipzig, and in Berlin. The grateful agriculturists of Germany would act more justly if they erected in the country statues representing British Agriculture. Later on, Wilhelm Hamm's book, "The Agricultural Implements and Machines of England," which was published in 1845 in Brunswick, exerted almost as great an influence as did Thaer's writings in Anglicising German agricultural methods.

Great Britain was the pioneer not only in empiric methods of cultivation, and in the introduction of improved machinery, but also in making scientific experiments in matters agricultural. Through the

munificence of Sir John Lawes, the experimental station of Rothamsted was founded in 1840, and only eleven years later Germany followed our example by opening an experimental station in Möckern, near Leipzig. But whilst Great Britain opened her second experimental station more than thirty years after the creation of the Rothamsted establishment, Germany opened station after station in rapid succession. In 1856, two experimental stations were opened at Bonn and at Breslau; in 1857, three experimental stations arose in Göttingen, Dahme, and Munich; in 1858, another institution was created in Insterburg; and at the present moment there exist no less than seventy experimental stations, all over Germany, where, by constant research and practical investigation scientific agriculture is advanced, seeds and manures are tested, &c., &c.

Great Britain, after having been the first and the foremost nation in applying science to agriculture, has now become the last. Private enterprise, which was the pioneer, has done wonders in this country here and there, but the isolated efforts which have been made by some munificent, unselfish, and patriotic individuals have, on the whole, proved as ineffective to the multitude as isolated efforts at making improvements are always apt to prove. On the other side of the Channel, the German Governments have taken up the ideas which they received from England. They have exploited and have applied our discoveries not here and there, but throughout Germany, by disseminating knowledge all over the country by means of the Government machinery, and by encouraging scientific agricultural investigation with liberal grants. At the present moment, even Japan is far ahead of England in applying science to agri-

culture, although agricultural science was, until lately, unknown in that country.

Whilst Germany imitated this country in many respects, she struck out a line of her own by the work of Justus von Liebig. That great chemist published in 1840 his celebrated work, "Organic Chemistry applied to Agriculture and Physiology," which has proved revolutionary in Germany's agriculture. If Liebig had lived in Great Britain, his work would have benefited only the far-seeing few, because our officials would have remained indifferent to his discoveries, even if they had understood their value. They would have left their exploitation and fruition to unaided private initiative. But the German Government took care that the brilliant discoveries of Von Liebig should prove beneficial to the whole nation. Chemical investigation and tuition was promoted and spread by the liberal aid of the Governments which opened chemical laboratories and created chairs of Chemistry throughout Germany. Thus the chemical industry of Germany has become the foremost in the world, and it has proved of incalculable help to Germany's agriculture. The greatest chemists were, and are still, Frenchmen and Englishmen. Nevertheless, Germany has the foremost chemical industry, not because she possesses the greatest chemists, but because she has an enormous number of working chemists, and an organisation which favours the exploitation of chemical and other inventions throughout the whole of the empire.

When the German chemists produced sugar from beetroots, the West Indian planters laughed at the chemical sugar; but at present the German sugar industry stands supreme in the world, perhaps less because of the bounties which the Government grant

it than because of the improvements which the German chemists have gradually effected both in agriculture and in the utilisation of the roots. How marvellously the German sugar industry has improved with the assistance of the chemist may be seen from the substantial increase in the percentual yield of sugar, which has gradually been effected. How great and how continuous this improvement has been, and how greatly the production of sugar has increased at the same time, may be seen from the following figures :—

	Percentage of Raw Sugar extracted from Beet	Production of Sugar in Germany
1875–6 . . .	8.60 per cent.	358,048 tons.
1880–1 . . .	9.04 „	573,030 „
1885–6 . . .	11.85 „	838,105 „
1890–1 . . .	12.54 „	1,336,221 „
1895–6 . . .	14.02 „	1,637,057 „
1900–1 . . .	14.93 „	1,979,000 „
1905–6 . . .	15.27 „	2,400,771 „

Without the marvellous improvements in the percentage of sugar extracted, the sugar production of Germany would certainly not have grown sixfold within twenty-five years and be now the largest in the world. At present, the German raw sugar factories employ about 100,000 men during part of the year, whilst about 650,000 men are occupied with growing the roots, which represent a value of about £12,500,000. The sugar extracted is worth about £20,000,000 per annum, of which half is exported, and probably about £15,000,000 per annum are spent in wages in the sugar industry. The tops of the roots are locally used for fodder, and the residue of the roots, from which the sugar has been extracted, is dried and sold for fodder which can be preserved through the whole year, and which represent a value of about £2,000,000. Thus the German chemists have, with the liberal assistance

of the Government, artificially created this enormous and most valuable additional crop.

Evidently the policy of non-interference in business matters is not without its disadvantages, but discretion and knowledge is needed on the part of the Government which wishes to interfere in matters of business. If Great Britain wishes to apply science to industry, and make it more than a fashionable and popular cry, our higher education must be reformed root and branch, and State aid must be forthcoming without stint. But not only must money be spent like water, it must be spent in the right direction, for this country has frightfully fallen behind-hand in the organised pursuit, and especially in the organised application, of science. The cleverest chemists are of little service to this country if, for lack of rank and file, their inventions are exploited abroad. Our great chemists, who are the foremost in the world, are of little use to our chemical industries. They might just as well live in Germany or the United States, for in those countries their inventions are universally appreciated and exploited.

British education is, unfortunately, more ornamental than useful. Therefore the most valuable schools of practical agriculture are sadly lacking in this country, whilst Greek is still compulsory at the Universities. In Prussia alone there are nine agricultural High Schools, where about 2500 pupils are trained by 202 teachers. According to the latest return, these High Schools were attended by 1852 German students, and by no less than 569 foreigners. Evidently, these courses are very popular not only with German agriculturists, who, by-the-bye, are very foolish not to keep their knowledge for themselves. The State aids these High Schools with grants of

£40,860 per annum. Besides there are 202 ambulant lecturers provided by the State, who teach scientific agriculture. Furthermore, there are in Germany 269 other agricultural schools, with 1803 teachers and 15,811 pupils, and facilities are provided in every direction for spreading the scientific knowledge of agriculture far and wide. Many teachers in rural elementary schools voluntarily study agriculture in the High Schools, in order to be able to teach some useful and valuable things to the country children and their parents. The Prussian Ministry of Agriculture spends yearly about £200,000 on agricultural education in all its branches, and the sum total spent by all the German Governments and local authorities in this direction should at present amount to about £500,000.

The general education in the rural districts of Great Britain is unfortunately too townified, and the little boys and girls are taught subjects at the schools which not only are useless, but which unfit the children for rural life. The boy who leaves the elementary schools has only too often been estranged from the country, and has been taught to turn up his nose at agriculture; the girl aspires to a situation in Kensington, and the possession of a piano; and if she marries a countryman she reads penny novelettes, and thinks it beneath her dignity to milk a cow or look after the chickens, for that would not be ladylike.

Unfortunately, the mistakes which are made in our primary education can never be rectified. The youthful minds which, by a totally unsuitable education, have been made to despise the country and the country occupations, will not easily take to country life and love it. Because of our misdirected primary

education, many farmers and many manufacturers also have become altogether hostile to the Board Schools, and they sigh for illiterate workers. In this they are wrong. Education in itself is not an evil. The right education is a blessing, the wrong one a curse. However, it would be a mistake to assume that German education is perfect, or even near perfection. It is good at the top and at the bottom. Her primary schools and her Universities are very good, but her intermediate schools, and especially the classical gymnasia, through which most University students have to pass, are bad, and are totally unsuitable for preparing young men for practical vocations. They develop only the memory, but train neither the character nor the mind, and the tuition received in them is, in nine cases out of ten, altogether useless. They are merely cramming establishments.

Co-operation for agricultural purposes first sprang up in this country, but owing to the indifference of the State co-operation among farmers has not spread in Great Britain. The lack of co-operation among British agriculturists is due not only to the indifference of the State and the insularity of our habits, but also to the fact that every rural property is enclosed by a fence or a hedge in England and by stone walls in Ireland and Scotland. Not only are these hedges unnecessary and exceedingly wasteful, as has already been mentioned, but they form at the same time a most effective barrier to progress, inter-communication, and co-operation. A farmer does not like to look over another man's fence, and he does not like his neighbour to look into his fields.

In Germany, in France, in Austria-Hungary, and Switzerland, and in other countries matters are dif-

ferent. Boundary stones, deeply sunk into the ground, show the limits of individual properties, and farmers do not work each for himself behind the screen of a hedge. Cultivators in Germany and elsewhere constantly observe one another, freely talk to one another, and often take their meals together on the boundary between their fields. Observations are thus continually exchanged, and a community of interest is established. Thus, German agriculturists are drawn to one another through the absence of artificial obstructions, whilst British farmers shut one another out, and are apt to look on their neighbours with suspicion. For these reasons, the co-operative movement could more easily develop in Germany than it has done in this country, especially as the extension of the co-operative movement was actively assisted and promoted by the Government, which saw in it a powerful factor for the advancement of agriculture.

Aided by the State and by the communities, co-operation among the German agriculturists has developed with ever-increasing rapidity. In 1890 there were in Germany 3,000 co-operative agricultural societies. In 1908 there were no less than 22,000 societies of this kind in existence. Of these, 16,092 were credit societies, 1,845 were societies for co-operative buying and selling, 2,980 were co-operative dairy societies and societies which deal with milk, and more than 1,000 associations were devoted to various purposes. How vast the number of these societies is in Germany may be seen from the fact that there is now on an average one co-operative society for every three hundred individual holdings.

There are numerous associations for building dykes against floods, for developing irrigation, for draining fields, drying swamps, acquiring bulls and stallions

for breeding purposes, for milling and storing grain, for effecting insurance, &c., and in consequence small and poor farmers may have the use of steam ploughs, threshing machines, &c., at most moderate rates. Thus a comparatively small quantity of expensive agricultural machinery is made to do service to large numbers of peasants, much capital is saved, and small cultivators receive all the advantages which otherwise are only within the reach of wealthy land-owners.

The State and local bodies assist in the forming of such associations, and often provide funds. Two or three small and poor local bodies agree to buy on joint account certain expensive machinery, and hire it out by the day, whilst the State or individual provinces undertake larger works for the benefit of agriculture, such as the draining of the extensive marshes near the coasts of the Baltic and of the North Sea.

Perhaps the most important co-operative enterprise created by the State is the Preussische Centralgenossenschaftskasse, the Central Bank of Co-operative Associations. This huge bank, which was created in 1895, is meant to be the banker of the co-operative societies. It accepts deposits, grants loans, &c., and the State started it on its career with a capital of £2,500,000 in cash. How great the service of that bank has been to the co-operative associations may be gauged from the fact that its turnover amounted to no less than £168,073,917 in 1899, and that it served as a bank to seven hundred thousand producers. The rate of interest charged by that institution is extremely low, and fluctuates, as a rule, between 3 per cent. and 4 per cent.

Whilst agricultural co-operation in Germany is a

powerful factor in the economic life of the nation, it figures in this country chiefly in the speeches of politicians, who very often have a somewhat hazy idea of the meaning of co-operation. Though not a few parliamentarians glibly recommend co-operation as a panacea for all the ills from which agriculture is suffering, they do nothing practically to further that movement. After all, it is easier to give good advice than to act. It is true that the co-operative movement has made some headway in Ireland; but whilst agricultural co-operative societies count by many thousands in Germany, they count only by a few hundreds in this country.

Apart from the co-operative associations, the rural industries of Germany possess numerous huge and powerful societies for improving the breed of horses and cattle, promoting the keeping of fowls, for growing hops and fruit, for keeping bees, &c.; and many of these societies receive considerable subventions from the State.

The whole of the agricultural population of Germany is organised in some enormous political associations, namely, Farmers' Associations and Peasants' Societies, which have about a million members. Through these enormous associations the agricultural interest of Germany exercises some considerable influence in the Imperial Parliament, and in the various local Parliaments of Germany, whilst in England, the classical land of political organisation, agriculture is politically inarticulate, and therefore neglected—an unknown factor, a plaything, and a victim to the political parties and to local authorities, without a friend, without an advocate, and without a champion, especially as "the man in the street" is unfortunately a townsman.

Had it not been for the powerful combination of all the agriculturists, and for the determined agitation of their representatives in Parliament, the rural industries of Germany would certainly not have obtained the strong fiscal protection which they will enjoy under the new tariff. The moderate protective tariff on all agricultural products which has prevailed so far in Germany has been a great blessing to Germany's agriculture, and it has done no harm to her manufacturing industries, which have marvellously developed at the same time. But whether the high and apparently exaggerated duties on agricultural products of the new tariff will be beneficial or harmful to industrial Germany remains to be seen.

It is true that the wholesale prices of food are higher in Germany than they are in Great Britain, but it does by no means follow that the retail prices, which alone are of importance to the consumer, are also higher in that country. In Germany the consumer buys agricultural produce directly from the producer. There are huge markets in all German towns, and even in the very largest, and there the peasants from the surrounding districts will be found offering their produce for sale. The charges made for the use of these markets is either purely nominal or *nil*. In Great Britain, where similar markets are known only in out-of-the-way places, the working man cannot buy agricultural products from the farmer, but has to purchase them from a shopman, who, in turn, receives his goods from a wholesale dealer. Therefore it is not the British farmer only who has to maintain a host of unnecessary and unproductive middlemen, as has already been shown; the British consumer also has to maintain an army of middlemen, which does not exist in Germany, and which need

not exist in this country. In Germany, no thrifty housewife would dream of buying her vegetables, her fruit, her poultry, her eggs, her butter, &c., at a shop. She goes to the market for her supply. In this country she has to go to the shops, unless the shopman "calls for orders," and as the turnover of the average greengrocer is very small, and as the goods are easily perishable, the shopman has to charge two, three, or four times the price which the producer receives. Therefore, vegetables and fruit, which are a luxury in this country, are often the poor man's food in Germany.

In the biggest towns of Great Britain, and at the seaports where foreign agricultural produce arrives in huge quantities, and has to be sold quickly, food is cheap, and is often cheaper than it is in the country. In Germany, on the other hand, where duties on imported food are levied on arrival at the harbours, food is much cheaper in the country districts where it is raised. Hamburg, the German Liverpool, is the most expensive town in Germany. Families in reduced circumstances in Germany migrate to the country for cheapness, whilst people living in the country districts of Great Britain find it often cheaper to get their agricultural produce from London. Our towns have grown out of all proportion, not only because the chances of finding employment for labour and of relief for the destitute are greater in the towns, and because we have no peasant proprietors, but also because food is cheaper in town than it is in the country.

That agricultural products are cheaper in London than they are in the country is most unnatural and most unfortunate. This artificial cheapness is an additional cause of the ruin of our agriculture. If

we look at wholesale prices, food is so cheap in Great Britain that agriculture, which in selling its produce receives only the wholesale price, cannot be carried on with a profit; but if we look at the retail prices, we find the same products to be so dear, owing to the exactions of the middleman, that this country compares unfavourably with Germany with regard to the price of food. The hosts of middlemen have spoiled the market for our rural industries. Hence, the rural industries should strive to bring producers and consumers together, and to eliminate those crowds of unproductive and unnecessary middlemen, who flourish whilst our rural industries decay.

Our agriculture suffers not only from the exactions of the go-between, but also from outrageously high transport charges. In Germany agricultural produce has to travel enormous distances by rail, and it can be carried cheaply. In Great Britain, where, owing to the size and happy configuration of the country, agricultural products need travel only trifling distances over land in order to be brought to the large towns, railway carriage, even in bulk, is so dear as often to make it prohibitive to farmers. Our railways are even allowed to exact far more from the reduced British farmer than they charge to the State-protected and prosperous foreign agriculturists. Therefore it comes that American, Australian, and Continental fruit can be sold in London at a profit, whilst English fruit often rots on the trees not far from town, because our railways choose to charge freight rates which often make it impossible for the British farmer to sell his produce at a profit in the nearest and most natural market. Thus, foreign producers receive a greater bounty from the British railway companies in the shape of preferential railway rates

than they receive from their own Governments in the shape of fiscal protection. Such is the blessing of so-called Free Competition among our railways.

It is scandalous that our railways may thus help to foster foreign rural industries and to kill our own, and it is a disgrace that no British statesman has so far had the courage to abolish the crying abuse of differential rates favouring the foreigner which exist in no country except Great Britain. Whilst the German peasants travel fourth-class at about a farthing a mile, and are allowed to take into the carriages, which are specially built for that purpose, huge baskets full of produce which are carried free of charge, British railway charges are so high, even for carrying large quantities of farm produce, that every night long strings of carts may be seen carrying agricultural produce from the country into London and other big towns. Only in the country which was the pioneer in railway transport, the railways are allowed to extort from the countrymen freight charges which even now make the mediæval form of transport the cheaper one. In that country which, after Belgium, possesses the densest railway net in the world, droves of cattle and flocks of sheep may be seen walking from Scotland to London, whilst in Germany cattle transport by road is almost unknown.

In our congested towns, millions of poor are crying for cheap food, and in our deserted and reduced country districts hundreds of thousands of impoverished farmers are crying for town prices for their vegetables, their meat, their fruit, &c. Yet the bitter cry of country and town remains unheard. Consumers and producers cannot meet because our railway companies stand between the two and exact a ruinous

toll in the form of railway rates which are without a parallel in the world.

Englishmen who have travelled in France, Italy, or Spain have bitterly complained of the octroi duties which are charged on every basketful of food which is brought into the town, but no octroi duty charged abroad is as high, as arbitrary, as vexatious, and as destructive as that exacted by our railway companies from British farm produce. Nowhere in Europe, Belgium excepted, is the natural distance between town and country smaller than in Great Britain, but nowhere in the world is the artificial distance between town and country greater than in the United Kingdom, owing to the selfish and openly anti-national policy of our railways, which have callously destroyed important industries, and have made it almost impossible for town and country to exchange their natural products in a natural manner.

We have of late heard much of the deterioration of the national physique, and it cannot be doubted that the sturdy English race of former times is becoming almost extinct, and is being replaced by a puny, stunted, sickly, sterile, narrow-chested, weak-boned, short-sighted, and rotten-toothed race. Our magnificent physique, which used to be the envy of all foreign nations, is rapidly disappearing, notwithstanding the fact that, according to the statistics, no nation in Europe consumes as much meat per head of population as does Great Britain. But at the same time, no nation in Europe leads a more unnatural and a more artificial life. Out of one hundred Britons, no less than sixteen are Londoners, and almost four-fifths of our population live in towns. In Germany only three men out of one hundred live in Berlin, and only half of the population are town-

dwellers. In Prussia and Bavaria, which combined have as many inhabitants as Great Britain, only six million people live in towns of above a hundred thousand inhabitants, whilst in this country fifteen million people unhealthily live crowded together in towns of above a hundred thousand inhabitants.

But not only live four-fifths of the people in unnatural surroundings, they are also unnaturally fed. Town mothers rarely have a sufficiency of good milk; hence, the poor town babies are brought up on artificially coloured, chemically treated, impure, and often adulterated cows' milk, on patent food, &c., whilst country babies are usually brought up on their mothers' milk. Later on, the town children, who had never a proper start and a fair chance in life, are to a large extent fed on tinned, chilled, frozen, chemically prepared, and adulterated agricultural products, which are sent to this country from abroad. That a race which is brought up in such a manner is not a healthy one cannot be wondered at. On the other hand, in Ireland, where there is proportionately a huge agricultural population, by far the finest specimens of British manhood are to be found, although the Irish country population is poor and is chronically under-fed. The striking difference between the under-fed but country-bred Irishmen and over-fed, town-bred Englishmen should give food for reflection.

German economists, German statisticians, and German generals have from time to time drawn attention to the physical deterioration of the population in the large German towns, and have made comparisons by means of the statistics of births and deaths, the recruiting tables for town and country, &c., from which it is apparent that the birth rate in the German

towns is rapidly falling, and that townsmen in Germany are physically deteriorating and becoming sterile. Therefore Bismarck refused to allow Germany to become a purely industrial State like England, and he fostered the rural industries of Germany directly and indirectly, in every way, so as to preserve the physical strength and health of the nation, which, after all, is its most valuable asset. Whilst our birth rate is rapidly falling and is almost the lowest in Europe, the proportionate increase of the German population is becoming greater from year to year, and is now the greatest in Europe. Whilst the cry of physical degeneration is on everybody's lips in this country, no similar complaints are raised in Germany, and the fact that the rapid increase of the population is not accompanied by a falling-off of the national physique is attributed by German statesmen to her prosperous agriculture.

The foregoing short sketch shows why Germany, which has a poor soil, an unfavourable climate, and an unfortunate geographical position and structure, and a somewhat dull-minded country population, possesses a powerful, flourishing, and expanding agriculture, whilst Great Britain, which has the most fruitful soil in Northern Europe, a mild and equable climate, a most favourable geographical position and structure, an enterprising and energetic population, and a great agricultural past, has rural industries which have been decaying for three decades. This article shows that the ills from which our rural industries are suffering are not incurable, but they can only be cured by a man of action and of determination, who is backed by a Government which is willing to lead.

Before all, the powerful agricultural interest must strive to gain power by combination. It must form

a solid phalanx, and must assert its claims with energy in Parliament and before the local authorities, which only too often tax and worry agriculturists out of existence. If the agricultural interest remains politically formless, shapeless, voiceless, and inert, it will continue neglected. If it is united in mind and united in purpose, the great political leader will be forthcoming who will make the cause of agriculture his own, and who is prepared to create conditions which will make our rural industries powerful and prosperous. Our latent agricultural resources are probably unparalleled in Europe, and Great Britain may again become the envy and the model of all European nations by the unrivalled excellence and the unrivalled prosperity of her agriculture. But much hard work will have to be done to achieve such a result, which is worthy of a great statesman's ambition, for he who recreates our agriculture will regenerate Great Britain.

CHAPTER XVII

WATERWAYS AND CANALS

Our most active and most dangerous industrial rival, both as regards our home and our export trade, is Germany, and we have often been told by merchants and manufacturers that the German industries are so exceedingly and so uncomfortably successful in Great Britain and abroad, and are constantly ousting British manufacture, because they enjoy cheaper transport facilities. Therefore loud complaints have from time to time been raised in this country by manufacturers and traders against the exactions of our carrying trades, and the spokesmen of the carrying trades have again and again assured the public that their charges were exceedingly moderate; that they could not possibly accept freight at lower prices; that the conditions for economical transport in Great Britain were totally different from, and could not be compared with, the conditions existing in Germany, &c. The first two arguments appear incorrect, but the last argument is quite true. The natural conditions for cheap transport in Great Britain and Germany are indeed totally and absolutely different, but they are not by any means in favour of Germany. On the contrary, they are in favour of this country, and so much so that, if our transport system was properly arranged and managed, Germany would be utterly incapable to industrially compete with this country. A glance at a map of Europe will prove this assertion

to be true, and show the fundamental difference existing between the two countries as regards cheap transport.

The greatest industrial and exporting centres of Germany are the following :—The Rhenish-Westphalian centre, with the towns of Dortmund, Gelsenkirchen, Ruhrort, Barmen, Elberfeld, Essen, Bochum, Düsseldorf, Cologne, Aix-la-Chapelle, &c.; the Alsatian centre, with Mülhausen, Gebweiler, Dornach, Colmar, &c.; the various centres situated in the Palatinate, Hesse, Baden, Würtemberg and Bavaria, with the towns of Höchst, Ludwigshafen, Carlsruhe, Mannheim, Offenbach, Frankfort, Reutlingen, Bamberg, Nuremberg, &c.; the centre in the Saxonies, with Chemnitz, Glauchau, Zwickau, Plauen, Greiz, Gera, Dresden, Leipzig, &c.; and the Berlin district. In the north of Germany, near the sea border, there are practically no industrial towns, and the country is almost exclusively devoted to agriculture. Bremen, Hamburg, Kiel, Lübeck, Stettin, Dantzig, Königsberg, do some manufacturing, as every town does, but they can hardly be called manufacturing towns. The manufacturing districts are to be found in Central Germany, and especially in Southern Germany, but not near the sea. If we draw a straight line from the Rhenish-Westphalian centre, which is chiefly devoted to the coal and iron industries, to its nearest harbour, Antwerp, the distance, according to the towns chosen, comes to 100 to 150 miles. Berlin is separated by 90 miles of land from the sea. All the other manufacturing towns belonging to the other centres are separated from their nearest harbour or from the sea border by a distance of from 200 to 350 miles, and it may be said, if we look at the German industries as a whole, that they are carried on at an

average distance of more than 200 miles from their harbours.

If we now look at a map of Great Britain, we find that our industrial towns are in most instances situated either on the sea, or but a few miles distance from the sea. Our industries are carried on as a rule not further than 10, 20, or 30 miles away from the sea border, and the maximum distance which need be considered for industrial inland transport, and which is altogether exceptional, is but 60 miles in a straight line. Consequently, it appears that the raw materials imported from abroad by sea which are used in the German manufacturing industries, such as cotton, wool, ores, metals, wood, &c., and the articles for the consumption of the industrial labourers, the prices of which indirectly affect the cost of manufacturing and therefore the welfare of the industries, such as wheat, flour, meat, petroleum, &c., have to travel a distance which in Germany is from eight to ten times longer than it is in Great Britain. The industrial products exported, also, have in Germany to be laboriously transported inland eight or ten times the distance which they have to travel in this country. Evidently the German industrial army has to fight far away from its base, and its lines of communication are exceedingly long.

Whilst Inverness, Aberdeen, Dundee, Perth, Glasgow, Edinburgh, Greenock, Newcastle-on-Tyne, Sunderland, Middlesborough, Stockton-on-Tees, Bristol, Cardiff, Swansea, Manchester, Preston, Barrow-in-Furness, London, Belfast, &c., can manufacture on the very sea border, their German competitors, the shipbuilding industry of course excepted, have to labour more than 100 miles inland. But even the German shipbuilding industry is at a great disad-

vantage, compared with the shipbuilding industry of this country, for it also has to rely on the far-away industrial Hinterland, whence it draws a large part of its supplies, notably coal and iron. Therefore it is absolutely clear, and it is beyond all doubt or contradiction, that this country is, as regards manufacturing, infinitely more favourably situated than Germany, because it operates close to its sea base, and it may be asserted, and cannot be gainsaid, that the natural advantages of Great Britain are so immensely in our favour that the German industries would be absolutely incapable of competing with the industries of this country if the enormous advantages which our geographical position offers were fully utilised.

From the foregoing it is clear that Germany is very heavily handicapped by nature in the race for industrial success, and the position of most Continental countries, which wish to develop their industries, is similarly unfavourable. The manufacturing industries of France, Italy, Austria-Hungary, and Russia, also, are carried on far inland. Lyons lies 160 miles from the sea; the distance between Milan and Genoa is 80 miles, but Italy has no coal; the manufacturing towns of Bohemia are 300 miles distant from their harbour, and Lodz in Russian Poland is separated by 170 miles from the coast. One might almost say that in Europe the industries are situated in the centre of the Continent, with the exception of Great Britain, where they are placed on, or close to, the sea border. Therefore Great Britain might again acquire and maintain the industrial monopoly, or at least industrial predominance, in Europe if she avails herself of her most favoured position. When Cobden prophesied with emphasis that this country "was and always would remain the workshop of the world,"

he probably based this proud and sweeping assertion, which time unfortunately has completely disproved, more on our magnificent and unique geographical position, and the peculiar structure of this country, into which the sea deeply penetrates from all sides, inviting us to pursue manufacture and foreign trade, than upon his fiscal panacea. Natural conditions are always in the end much stronger than any policy.

Industrial Germany is hampered in many ways. Her climate is very severe, her coal is of poor quality and is found only far inland, her inhabitants used to be engaged chiefly in agriculture, and had neither natural ability nor inclination for manufacturing and trade, and she used to possess little accumulated wealth. Consequently it was of vital importance for the industries of Germany that the enormous difficulties and obstacles which nature and custom had placed in the way of her industrial success should be overcome. Conditions *sine qua non* for giving vitality to the German industries were a practical, businesslike education, the application of science to industry, thrift, and, before all and most of all, a comprehensive and efficient system of cheap transport whereby to bridge over and shorten the long distances which separate the numerous interdependent industrial centres from one another and which part these centres from the sea.

Already in the Middle Ages the foreign trade of Germany relied chiefly on her waterways. The Valley of the Rhine was the highway over which for more than 1,000 years the commerce flowed between the Orient and Great Britain, going *viâ* Italy, Switzerland, and the towns of Flanders and Holland. Before the age of steam and of machinery, the German industries flourished in the towns on the Rhine, Elbe,

and Danube, and their tributary streams. Their prosperity was founded on cheap water transport. "Navigare necesse est, vivere non necesse est," was the motto of Lübeck. Nature and tradition point to the waterways for Germany's prosperity, and modern Germany resolved to extend the use of her historic waterways to the utmost, notwithstanding the example of Great Britain, which at the time of Germany's industrial transition was still the foremost industrial country in the world and a model to all nations.

When the railways were introduced, Great Britain ceased to extend her system of waterways, which in past decades she had built up with the greatest energy. Her system of canals, which were the foremost in Europe, and which used to be the admiration and envy of all foreign nations, were declared to be useless by the promoters of railways and their friends, and the nation weakly and foolishly allowed its canals to fall into decay at the bidding of those interested in railways. One of the greatest German authorities on inland navigation speaks as follows of our canals in a most important book on "Inland Navigation in Europe and North America," which he compiled by order of the Minister of Public Works for the information of the Government, and which was published in 1899. His words are weighty and to the point, and we shall do well not only to read them, but also to heed them.

"The artificial waterways of England are the oldest in Europe. . . . Next to Sweden and Finland, Great Britain possesses the closest net of water-courses in Europe, and she is exceedingly favoured by nature for inland transport by water owing to the climatic conditions prevailing, the plenty and equal distribution of rain, and the mild winters usual in that

country, as well as owing to the formation of the coast with its numerous inlets of the sea, which deeply penetrates from all sides into the land.

"With the arrival of railways, the building of canals ceased almost completely in 1830. The railways were placed in a position in which they could easily destroy the canals. Through traffic on the most important canal routes had to pass through a number of different and independent canal systems. As soon as a railway succeeded in obtaining the control of an indispensable part of the canal route by purchase, lease, or traffic agreement, it took to destroying the traffic on the adjoining canals, either by enforcing maximum rates or by numerous other expedients. After having been damaged in this manner, canals were bought up cheaply by the railways, which used them for traffic which could not conveniently be handled by the railroads or which stopped the canal traffic altogether. The numerous independent canal companies possessed no central organisation, and when in 1844 an organisation for combined defensive action was created, important parts of the canal system were already in the possession or under the influence of the railways, and it was too late to oppose their further encroachments. In 1871 canal property had on an average fallen to one-third of its former value. Only in 1873 were the railways prohibited to close for traffic canals in their possession, or to allow them to fall into disrepair."

Germany has tried in the past to learn from us in order to become also a great industrial nation. She has copied Great Britain in many ways, but she has not by any means copied us blindly and in everything. She has refused to adopt Free Trade, notwithstanding the vigorous agitation of the Cobden

Club and its professorial sympathisers in Germany; she has declined to hand over the whole of her productive industries to the tender mercies of her transport industries, relying on the dogma of free competition which was preached by the same political economists who championed Free Trade; she has declined to let her agriculture be ruined on the strength of certain theories propounded by professors, manufacturers, and clergymen; and she has firmly refused to let her canal system decay and be partly destroyed in the interests and at the bidding of the railways. Germany has most successfully tried to develop all her industries harmoniously, and not to allow one or the other to become great and prosperous at the expense of another. In this country the lack of harmony and unity is ruining our industries. Agriculture has been ruined by our manufacturing industries, and our manufacturing industries are in their turn being ruined by our carrying trades. Great Britain has been an example to industrial Germany in many ways, but as regards her industrial policy Great Britain has been a warning example to Germany, and is cited as such.

Recognising the importance of cheap transport and of an alternative transport system, which would bring with it wholesome competition, Germany has steadily extended, enlarged, and improved her natural and artificial waterways, and keeps on extending and improving them year by year; and if a man would devote some years solely to the study of the German waterways, and make the necessary but very extensive and exceedingly laborious calculations, he would probably be able to prove that Germany's industrial success is due chiefly to cheap transport, and especially to the wise development of her waterways.

During the thirty years from 1871 to 1900 this country has done practically nothing as regards inland navigation, for the Manchester Ship Canal is a sea canal. During the same period, Germany has built 1091 kilometres of inland canals, she has immensely improved all her navigable rivers, and the German-Austrian canals lately proposed or begun have a length of 3657 kilometres, whilst their probable cost has been estimated at the gigantic sum of about £50,000,000. The Rhine-Elbe Canal Bill of 1901 proposed to spend £19,450,000 on this undertaking alone within fifteen years. Among these canals there are some very vast schemes, such as the Rhine-Elbe Canal, the Danube-Oder Canal, and the Danube-Elbe Canal, enterprises which on an average require an outlay of above £10,000,000 each. Some of these may perhaps not be constructed in the lifetime of the present generation, but it is worth while to take note of these gigantic projects which, after careful investigation, have deliberately been proposed because the fact of their being proposed or begun shows that canals have proved such an immense benefit to Germany that the very cautious and very thrifty Government of that country is willing to sink such immense sums in them notwithstanding the certainty that these canals will prove exceedingly able competitors to the State railways. Here we have the unusual spectacle of the State monopolist deliberately creating a most powerful competition to itself.

Germany possesses a number of big rivers, but these were, until a very recent period, in the same state of neglect in which the rivers of this country are at the present moment. They were natural watercourses with a natural, unevenly deep and partly shallow bed, which did not allow of the use of big

ships, and the soft natural banks of these rivers prevented ships from going at a considerable speed, because the heavy waves created by their rapid progress would have washed the river banks down into the river. For this reason ships had to travel at a very low speed in Germany exactly as they have to proceed on British rivers, and even on those which are emphatically industrial rivers.

The larger a ship or barge is, the cheaper is the cost of transport, for the same number of men who are required for looking after a small barge can handle a large one. Besides, the dead weight of the hull, the proportion of living room to stowage room, &c., is of course far greater in a small than in a large vessel. For the same reason for which ocean steamers are increasing in size from year to year, the ships and barges used in inland navigation are growing continually bigger in those countries where inland navigation is systematically fostered. Again, the quicker a cargo boat can travel, the more economical it is, for time is money. In order to make it possible to use large and swift cargo boats on her rivers, Germany set to work to regulate her natural rivers and to convert them into artificial water-courses of that type which has been found most fit for economical and rapid navigation.

With this object in view, the natural earthbanks of rivers and canals were replaced by solid masonry walls, the river beds were narrowed and deepened, so as to allow the use of large boats, the rocks which in many parts—for instance in the Rhine at Bingen—were a danger to navigation were blasted away, and provisions were made to prevent the ice forming during severe winters and closing streams and canals to navigation. Numerous well-equipped harbours and

quays were built by all towns within reach of inland navigation, and gradually all the more important German waterways were greatly perfected and improved as channels for commercial navigation. On the regulation of the river bed of the Rhine alone more than £1,000,000 were expended during the last twenty years; and, in consequence of the energetic measures which have been taken for the purpose of deepening the channel of that river, Cologne, which in a straight line is situated about 150 miles from the sea, has become a seaport, inasmuch as thirty-four steamers, which have been specially built for that purpose, trade now regularly between Cologne and various harbours in England, Scandinavia, and Russia. High up the Rhine and 300 miles inland lies Strasburg, which formerly could be reached only by the smallest river craft, but now boats carrying 600 tons are going to and from that town, and Strasburg has spent an enormous sum of money in creating the most modern facilities for loading and unloading, storing, &c., of merchandise.

The tributary streams of the Rhine also have been very greatly improved. The Main, for instance, was a shallow stream with a depth of only 2¾ feet which could not be used for shipping. This depth has gradually been increased to no less than 8¼ feet for a distance of twenty miles up stream, and at a cost of £400,000, in order to provide the industries of Frankfort with cheap transport by water. Up to Frankfort, the bed of the river Main is as deep as that of the Rhine, and the same steamers which can travel on the Rhine can now go up to Frankfort.

The towns at or near the Rhine are vying one another in tapping that stream exactly as Frankfort has done, and they do so regardless of cost. Crefeld

and Carlsruhe, which are situated some distance away from the Rhine, have dug canals to that stream in order to give the most economical outlet to their industries, and many old-world sleepy towns on the Rhine, which used to subsist on the wine-trade and on tourist traffic, have equipped the water's edge with the most perfect and most up-to-date installations for warehousing and for loading and unloading goods directly from train to steamer or barge, and from boat to train. Ten or fifteen years ago, sacks of wheat weighing 2 cwt. each, could be seen carried laboriously on the shoulder by sturdy men from the small grain boats to old-fashioned sheds, where they were stacked. Now huge ships filled with wheat in bulk are unloaded by suction in a few hours, and the grain is automatically weighed whilst being whisked from steamer to store, or is put into sacks at an incredibly high speed by machinery and dropped into railway trucks. Electricity is largely made use of for working the machinery of these harbours, and some of these are very likely the best equipped inland harbours in the world.

Formerly the greatest attraction for travellers on the Rhine was its romantic scenery and its ruined castles, and the stream appealed most of all to those who are poetically inclined. Now its character has completely changed, and its greatest interest lies in this, that it is perhaps the most perfect waterway in the world for the promotion of industry. Its shores are no longer so remarkable for their romantic views as they are for their countless smoking factory chimneys, and the beautiful scenery begins to be overhung by a pall of smoke which reminds of the Midlands. However, this bustling activity is not by any means restricted to the Rhine. Everywhere in

Germany water transport is being developed with the utmost vigour and energy. On all the rivers and all the canals commercial and industrial activity is marvellously developing, and the development of water transport is becoming almost a sport, if not a passion, with the German business community.

On the canals of this country, which in reality are only shallow ditches filled with water, and on the majority of its rivers, which are not much better, tiny barges loaded with from 30 to 50 tons may be seen which are laboriously moved either by the arms of men or which are hauled by horses at a speed of about three miles an hour. On the German rivers and canals, boats and trains of barges of 300, 500, or 1000 tons each, which are hauled by steamers, may at every hour and on every day be seen proceeding at a very considerable speed. The traveller who journeys by railway along the Rhine or the Elbe cannot fail to see strings of barges carrying several thousand tons of goods constantly passing by.

The great advantages which water transport possesses over transport by land, be it by road or rail, may be seen at a glance from the following facts and figures. A large iron barge of a loading capacity of 2000 tons, and of the type which is used on the Rhine, costs only about £5000, or about £2. 10s. per ton of load room. A German railway waggon of ten tons' capacity costs about £125, or £12. 10s. per ton of load room, and is therefore, as a vessel for carrying freight, five times more costly than is the barge. As regards the cost of moving freight by land and water, the following will show the immense advantage which water transport possesses over land transport. On a horizontal road, and at a speed of about three miles

per hour, a horse can pull about two tons; on a horizontal railway it can pull about 15 tons, and on a canal it can pull from 60 to 100 tons. Therefore, from four to six times the energy is required in hauling goods by rail, and thirty to fifty times more force is expended in hauling it by road, whatever the motive force may be. Therefore, the cost of propulsion by water, whether the motive force be horse traction, steam, or electricity, is only a fraction of the cost arising from propulsion by road or rail. Furthermore, the construction of railways is exceedingly costly. On an average at least £20,000 to £30,000 per mile are required to build a railway in a country such as Great Britain or Germany, whilst a canal can be built at considerably smaller cost. A further circumstance in favour of water traffic lies in this, that far more traffic can pass over a broad canal than can be sent over railway, as will be seen later on. It is therefore clear that transport by water is, and must always remain, owing to its very nature, so very much cheaper than land transport, be it by road or by rail, that railways cannot possibly compete with properly organised, properly managed, properly planned, and properly equipped waterways. Hence it is economically wasteful not to extend and develop the natural and artificial waterways which a country possesses, and it is absolutely suicidal and criminal to let them fall into neglect and decay.

Canals and rivers are most suitable for the transport of bulky goods which are not easily perishable, and which need not be delivered in the shortest possible time. Therefore canals and rivers are particularly suitable for transporting cotton, ore, metal, coal, wood, petroleum, grain, manure, chemicals,

fodder, wool, potatoes, cement, stone, leather, salt, sugar, vegetables, fruit, &c., and machinery, and those manufactured goods which are despatched in fairly big parcels or which are packed in strong boxes and bales.

If it were not for the existence of the German waterways, the German industries would certainly not be in the flourishing condition in which they are now. When ice closes the German rivers and canals, the export and import trades are at once very seriously affected, and if the German waterways should be blocked for a whole year, the whole of Germany would probably be ruined, for Germany cannot live without her waterways. Certain valuable products and by-products of the German mines and ironworks, and the more bulky products of the chemical industries of Germany can, according to Major Kurs, who is a leading authority on inland navigation in Germany, only be sold in Germany and abroad owing to the cheapness of transport by water, and in many cases the profit is cut so fine that an increase of the freight charges by about one-fiftieth of a penny per ton per mile would inevitably kill important industries which it seems are at present killing the industries of countries competing with Germany. Thus Germany's industrial success is no doubt due to a very large extent to the immense assistance which she receives from her waterways.

In consequence of the energetic steps which were taken for the purpose of improving the navigable channel of the Rhine, the volume of transport flowing over that river has, according to the official statistics published, increased in the following remarkable manner :—

THROUGH TRAFFIC OF GOODS PASSING EMMERICH (GERMAN-DUTCH FRONTIER)

	Up-stream	*Down-stream*
1889	2,799,800 tons	2,593,000 tons
1894	4,771,500 ,,	3,142,000 ,,
1897	6,929,100 ,,	3,480,200 ,,
1900	9,036,400 ,,	4,129,700 ,,
1903	10,027,900 ,,	7,211,900 ,,
1906	13,402,400 ,,	7,678,300 ,,

An almost equally rapid increase in the traffic has taken place on all the other rivers and canals in Germany, and the quantity of goods transported by water has in consequence more than trebled during the last twenty-five years. Owing to the marvellous expansion of traffic which had to be handled, the tonnage of the fleet of ships used in German inland navigation has increased in the following manner :—

TONNAGE OF THE GERMAN INLAND FLEET

	Number of Ships	*Tonnage*
1882	18,715	1,658,266 tons
1887	20,930	2,100,705 ,,
1892	22,848	2,760,553 ,,
1897	22,564	3,370,447 ,,
1902	24,817	4,873,502 ,,

From the foregoing figures it appears that between 1882 and 1902 the tonnage of the German inland fleet has almost exactly been trebled. We have often heard of the marvellous progress of the German merchant marine, but it would appear that the progress of the German inland fleet has been much more rapid, although it has not aroused such widespread attention. Whilst the German inland shipping has increased between 1882 and 1902 from 1,658,266 tons to 4,873,502 tons, the German merchant marine has between 1881 and 1902 only increased from 1,181,525 tons to 2,093,033 tons. The tonnage of German inland

shipping, which twenty years ago was but 50 per cent. larger than the tonnage of German sea shipping, is now, notwithstanding the marvellous growth of the German merchant marine, 150 per cent. larger than the tonnage of German sea shipping. The full significance of this enormous increase in the tonnage of inland shipping is brought out only if we take note of the change in the character of Germany's inland fleet, which is apparent in the following table :—

CLASSIFICATION OF SHIPS OF THE GERMAN INLAND FLEET

	Ships of less than 100 tons	*Ships of 100–150 tons*	*Ships of 150–300 tons*	*Ships of 300 and more tons*
1882 . . .	12,110	3,672	1,764	696
1887 . . .	11,281	5,460	2,136	1,112
1892 . . .	11,430	6,326	2,901	1,721
1897 . . .	10,390	4,405	4,640	2,510
1902 . . .	10,763	1,902	6,829	4,633

The ships and barges of less than 100 tons have decreased in number during the last twenty years, and the whole of the immense increase in inland tonnage has taken place in ships of larger and of the largest size. Those above 150 tons have rapidly increased, and this increase is particularly striking in the case of ships of 300 tons and more, which have increased almost sevenfold, whilst those measuring from 150 to 300 tons have increased fourfold in number. The decrease of the boats measuring less than 100 tons should be particularly interesting to Great Britain, inasmuch as a ship or a barge of 100 tons, which is too small for German inland transport, and is considered to be ripe for the shipbreaker, is a very large vessel in British inland navigation, in which ships of 30 or 50 tons abound. We are still relying for inland water transport upon our ancient water-ditches, miscalled canals, and on tiny vessels

which are being discarded by Germany as being antiquated, wasteful, and therefore useless.

How enormous the influence of the size of ships is on the cost of transport may be seen from the following table, which was supplied by one of the leading German authorities on inland navigation :—

COST OF TRANSPORT PER TON PER KILOMETRE ON CANALS, IN SHIPS OF VARIOUS SIZES, DURING A TEN MONTHS' SHIPPING SEASON

150	200	300	400	450	600	1000	1500	tons.
0.79	0.63	0.48	0.41	0.38	0.30	0.23	0.21	pfg.

One pfennig being about one-eighth of a penny, these rates are roughly equal to the incredibly low charge of from one-seventh to one-twentyfourth of a penny per ton per mile ! If British industries would be able to secure rates approximating those given above for their transport requirements, a new era would dawn for our country, and German industrial competition, of which we now hear so much, would become a thing of the past.

From the foregoing table it is clear how exceedingly uneconomical the toy barges are which ply upon British canals and rivers. The cost of transport in boats of 150 tons is about four times greater than in boats of 1500 tons. Nevertheless, even boats of but 150 tons are hardly to be found on British canals and rivers, where barges of smaller size, such as 30 and 50 tons for instance, are still transporting goods at a leisurely speed and excessive costs, exactly as they did in the era of the mail coaches and turnpikes a hundred years ago.

The cost of transport per ton per kilometre for barges of a smaller size than 150 tons cannot be

given, for such barges are no longer of importance on the German waterways, and the rates for such small boats are not given by the German source from which the foregoing figures are taken.

Boats of a size which Germany considers beneath notice as being antediluvian and incredibly wasteful appear to be good enough for this country, which, in spite of these mediæval appliances for transport, aspires to be the first industrial country in the world. The average size of the large boats plying on the German waterways is from 200 to 400 tons on the minor waterways, on the Elbe it is 1000 tons and more, and on the Rhine barges from 2000 to 2350 tons may be seen. If we take the general average, the size of the average barge on the Rhine was 450 tons in 1896, and it should now be more than 500 tons.

The exceedingly low costs of transport given in the foregoing for ships of various sizes apply of course only to a new and perfectly-equipped water-course, such as the proposed Rhine-Elbe Canal, and presuppose a well-filled ship. But as the ideal state of the perfectly-equipped water-course and the well-filled ship is at present rather the exception than the rule in Germany, for there are still many ships about which can only be described as misfits, it is worth while to take note of the average cost of transport on the German rivers, and allow for the fact that a large portion of the tonnage is during part of the year only partly employed or even unemployed. One of the foremost German authorities has furnished the following table of the actual costs of water transport, which is most interesting in so far as it gives a fair idea of the real, not the ideal, business conditions at present prevailing.

COST OF TRANSPORT ON PRINCIPAL GERMAN RIVERS

Average Cost of Transport per Ton per Kilometre

On the Rhine.	
Full load during one-third of year. Three-quarter load during one-third of year. Half load during one-third of year.	0.46 pfennig.
On the Elbe.	
Full load during two-fifths of year. Three-quarter load during one-fifth of year. Half load during one-fifth of year. Quarter load during one-fifth of year.	0.60 pfennig.
On the Oder.	
Full load during one-quarter of year. Three-quarter load during one-quarter of year. Half load during one-quarter of year. Quarter load during one-quarter of year.	0.92 pfennig.
On the Weichsel.	
Full load during one-quarter of year. Three-quarter load during one-quarter of year. Half load during one-quarter of year. Quarter load during one-quarter of year.	1.38 pfennig.

The rivers Oder and Weichsel flow through the chiefly agricultural provinces in the east of Germany where freight is less plentiful and less regular, and where the equipment for economic transport is less advanced than it is in Central and West Germany. Therefore the cost of transport is comparatively high on these rivers, being equal to about one-sixth of a penny per ton per mile on the Oder, and one-fourth of a penny per ton per mile on the Weichsel. On the Elbe the cost of transport is about one-eighth of a penny per ton per mile, and on the Rhine it is as low as one-eleventh of a penny per ton per mile.

As in the foregoing table full allowance appears to have been made for slack time and for the time when navigation has to be stopped in consequence of frost, these figures should give a fair indication of the actual cost of transport on the rivers in Germany.

However, the costs of transport from place to place are not merely the costs of water carriage. Therefore we can obtain a real insight into the costs of transport by water only if we compare all the costs occasioned by water transport with all the costs of transport by railway. In the following table, three typical cases are given in which all the costs of water transport and of transport partly by water and partly by rail are compared with all the costs of transport by rail only. The costs of water transport are calculated on the basis of 600 ton vessels, a size which may be considered a fair average on the up-to-date waterways of Germany. The costs of railway carriage are those of the Prussian State railways, the transport costs and freight charges of which are exceedingly low, as is generally known.

ALL COSTS FOR SENDING COAL

	By Canal	*By Railway*
From Herne (Westphalia) to Hanover.		
Distance 260 kilometres . . .	3.43 Mks.	5.80 Mks.
From Herne to Schönebeck on the Elbe.		
Distance 444 kilometres, the mine lying 7 kilometres away from Herne Harbour .	7.00 Mks.	9.00 Mks.
From Herne to Mannheim on the Rhine.		
Distance 393 kilometres . . .	3.88 Mks.	8.30 Mks.

From the foregoing figures it appears that if all incidental expenses are duly considered, the costs of carrying coal between two of the places mentioned are roughly from 50 to 115 per cent. higher by railway than the costs of carrying coal between the

same points by canal only, by canal and river, or by railway and canal. In view of the fact that the transport costs on the Prussian State railways are exceedingly moderate—they are probably the lowest in Europe—this result is surely very remarkable.

Owing to the greater cheapness of transport by water, huge and increasing quantities of freight are naturally being diverted from the German railways to the waterways, especially as it has been found that well-equipped waterways of sufficient size can deal more satisfactorily and more rapidly with large quantities of goods than can the best-equipped railways. Railway stations are always apt to become congested owing to their very nature, and they cannot so easily be enlarged in order to keep pace with the growing traffic requirements of the time as quays along the banks of rivers and canals can be extended. Besides, the number of goods trains which can be despatched over a railway is naturally limited in consequence of the exigency of the general traffic, which must not be disturbed, whilst on a river or canal of sufficiently generous size a practically unlimited number of cargo boats can be sent at all times and in either direction. Lastly, a goods train can carry but a few hundred tons of goods—300 tons is an exceedingly satisfactory performance for a British goods train—whilst a train of barges can easily transport several thousand tons of freight. For these reasons a far larger quantity of goods can be sent over a fair-sized waterway than can be sent over a railway of similar length, and on a river or a well-equipped canal enormous masses of goods can easily, quickly, and without delay be forwarded, which would cause congestion, confusion, and ultimately a complete breakdown on the best-equipped and best-managed railway. The progressive use of

the waterways in Germany and their ability to handle considerably larger quantities of freight than are handled by the railways, may be seen from the following figures :—

TRANSPORT OF GOODS ON THE GERMAN WATERWAYS

	Arrivals	*Departures*
1875	11,000,000 tons	9,800,000 tons
1885	14,500,000 ,,	13,100,000 ,,
1895	25,800,000 ,,	20,900,000 ,,

TRANSPORT OF GOODS ON THE GERMAN RAILWAYS

	Arrivals	*Departures*
1875	83,500,000 tons	83,500,000 tons
1885	100,000,000 ,,	100,000,000 ,,
1895	164,000,000 ,,	167,000,000 ,,

These figures show that during the twenty years from 1875 to 1895 the quantity of freight handled by the German railways has increased by a little less than 100 per cent., whilst the quantity of freight despatched over the German waterways has increased by considerably more than 100 per cent.

If we now look at the record of ton kilometres, and at the quantity of freight carried per kilometre on both railways and waterways, we find the following figures :—

FREIGHT RECORD ON GERMAN RAILWAYS

	Ton kilometres	*Tons of freight despatched per kilometre*
1875	10,900,000,000	410,000 tons
1885	16,600,000,000	450,000 ,,
1895 . . .	26,500,000,000	590,000 ,,

FREIGHT RECORD OF GERMAN WATERWAYS

	Ton kilometres	*Tons of freight despatched per kilometre*
1875	2,900,000,000	290,000 tons
1885	4,800,000,000	480,000 ,,
1895	7,500,000,000	750,000 ,,

From the foregoing figures it appears that the quantity of goods which have been despatched over each kilometre of railway has increased during the twenty years under review from 410,000 to 590,000 tons, or by only 44 per cent., whilst during the same period the quantity of goods which have been despatched over each kilometre of waterway has increased from 290,000 tons to 750,000 tons, or by no less than 159 per cent. Therefore, rightly considered, water carriage in Germany has expanded about three and a half times more quickly than has railway carriage. In 1875 the goods traffic was 410,000 tons per kilometre of railway, and only 290,000 tons per kilometre of waterway. At that time the railways were still supreme. In 1895 this position had been completely reversed, for the railways dealt in that year with 590,000 tons of freight per kilometre, whilst the waterways handled no less than 750,000 tons per kilometre. Evidently the waterways are in the ascendant in Germany, and if later figures were available, it would probably be seen that the waterways have considerably improved upon their record of 1895.

The effect of the extension and improvement of the German waterways, both natural and artificial, may be gauged from the significant fact that the most prosperous industrial centres in Germany, though they lie far inland, are situated close to the waterways of which they make the most extensive use. The most prosperous part of industrial Germany is the Rhenish-Westphalian district, which might be called the German Midlands. A few years ago a statement was published according to which the two provinces of Rhenish Prussia and Westphalia, which cover but 15 per cent. of the German territory, and which possess 29 per cent. of the population of

Germany, consumed no less than 71 per cent. of the coal used in that country, they produced 81 per cent. of the iron, and 86 per cent. of the steel made in Germany, and they kept 83 per cent. of the German spindles running. How rapid the rise of the Rhenish-Westphalian district as an industrial centre has been may be gauged from the following figures :—

Coal Raised in the Dortmund District

1870	12,219,432	tons
1880	22,364,311	„
1890	35,577,083	„
1895	41,145,744	„
1900	59,618,900	„
1907	94,658,769	„

If we now remember that the coal raised in the Rhenish-Westphalian district is very inferior to British coal, that this manufacturing centre lies not, like the British manufacturing centres, close to the sea, but from 100 to 150 miles inland, according to the town chosen, and that a large part of the raw products used in manufacturing and part of the coal comes from German inland centres, which in many instances are hundreds of miles away, the rapid growth of the Rhenish-Westphalian district can only be called marvellous. If we wish to find an instance of similar expansion, we have to look to the United States, and even there the record of the Rhenish-Westphalian industries will very likely not be beaten. If we inquire why this district, which by nature is so little favoured compared with Great Britain, where harbours, excellent coal, iron and manufacturing towns are found in the closest proximity, is the most strenuous, the most successful, and the most dangerous competitor to those British industries which are so greatly favoured by nature, we find that the industrial success

of the Rhenish-Westphalian district would have been impossible had it not been for the cheap carriage of goods afforded by the Rhine. Therefore we may expect to find an indication of the use to which the Rhine is put by the Rhenish-Westphalian industries in the statistics of the port of Hochfeld-Duisburg-Ruhrort, which is the outlet of those industries towards the Rhine. The following figures clearly show what water traffic has meant for the chief industrial centre of Germany :—

WATER TRAFFIC OF HOCHFELD-DUISBURG-RUHRORT

1875	2,900,000	tons
1880	3,500,000	,,
1885	4,500,000	,,
1890	6,200,000	,,
1894	8,200,000	,,
1896	9,700,000	,,
1900	13,000,000	,,
1906	16,000,000	,,

The traffic of that most important inland harbour has quintupled during the last thirty, and almost doubled during the last ten years. Hochfeld-Duisburg-Ruhrort stands now amongst the very foremost harbours of the world, and only those who have thoroughly examined that enormous inland harbour can form an idea of its vastness, the excellence of the harbour appliances, and its activity. The Port of London appears behind the times and asleep if compared with that German inland port, the name of which is hardly known in this country.

The enormous activity of the German waterways, has greatly benefited Holland, for three-quarters of the through trade of Holland is German water-borne trade. Holland lives largely on German trade, and Germany resents that the trade on her chief stream has to pass through a foreign country to which it

has to pay a heavy tribute. The unceasing agitation of the Pan-Germanic League against Holland, and its advocacy of the incorporation of Holland into Germany in some form or the other springs to a great extent from the resentment that the mouth of the Rhine is situated in a non-German country. This feeling of resentment is not confined to the Pan-Germans, for it was one of the principal causes which determined the Government to construct at immense expense the Rhine-Ems Canal with the object of giving to the Rhine an outlet at Emden, which was converted into a well-equipped port. It was intended to divert the export and import traffic of Germany on the Rhine from Rotterdam to Emden, impoverish Holland, and bring her on her knees by economic pressure. On the 11th of August 1899, the Dortmund-Ems Canal was opened, and the year book "Nauticus," which may be described as officially inspired, wrote in the same year :—

"In our time our dependence on foreign countries has frequently been felt by the circumstance *that the mouth of the Rhine is in the hands of a foreign country, and that that country in consequence draws away the chief profit of our export industry.* This state of dependence will be ended by the Dortmund-Ems Canal, which gives to the Rhine, at least *for the Province of Westphalia, a German outlet in Emden.*"[1]

Rotterdam has taken energetic measures to keep the German trade. It has deepened the waterway to the North Sea in the course of years from 15 feet to 29½ feet, it has increased its dock area from 96 acres to 309 acres, and it has spent more than £2,000,000 on improving the harbour. Whether the Dortmund-Ems Canal will in course of time succeed in diverting

[1] The italics are in the German original.

the Rhine trade from the Dutch harbours to Emden remains to be seen. It is possible that it will eventually have that effect, although it does, at present, not seem very likely. At any rate, the German Government has made enormous exertions to achieve that end by building a canal of record dimensions. The Dortmund-Ems Canal is 168 miles long, the water is 8¼ feet deep, or as deep as that of the Rhine up to Cologne, ships of about 1000 tons can use it, and it has twenty locks, of which the most important ones have the enormous length of 542 feet. About £4,000,000, or almost £25,000 per mile, have been spent on that canal, and the harbour dues at Emden have been fixed so low as to give inducement to traffic to desert the Dutch trade route for the purely German one. Evidently Rotterdam will have to look to its laurels.

Roads and canals are open to all. Hence, free competition will insure on both roads and canals a cheap and effective service on the part of the numerous carriers who make use of them. When our railways were in their infancy it was expected by many sagacious men that the iron road also would be common road for the use of all on which many competing carriers would travel with conveyance of their own; but their anticipations were not realised. The owners of the iron roads, unlike the owners of roads and canals, became the only carriers on them, and thus a monopoly arose somewhat unexpectedly, our productive industries were given over to the mercy of our railways, and these hastened to close as quickly as possible the only alternative inland trade routes, existing, by acquiring and obstructing our canals or by "repairing" them out of existence. If we regenerate our ancient canal system, re-open these

obstructed outlets, and bring them up to the highest standard of efficiency, we shall again have free competition among common carriers travelling on the same route, and, in view of our unrivalled position for industrial purposes, our declining industries should rapidly revive by the cheap transport rates which a good system of canals would insure.

It may be objected that the example of Germany cannot be followed by this country, because Great Britain possesses no natural rivers which are at all comparable to the Rhine and Elbe, that therefore Great Britain's position for developing her means of water transport is far less favourable than is that of Germany's. There is apparently much force in such an argument. In reality, however, it appears to be quite incorrect. The great and somewhat wild German rivers had to be made fit for commercial navigation, and at so enormous an expense, that a similar sum of money should almost suffice to give to our chief industrial centres, which after all lie only a few miles from the sea, canals of so much width and depth that they will be as useful to them as the Rhine and Elbe are to the German industrial centres which lie 100 and 200 miles inland. Besides, we have an enormous advantage over Germany, not only in our insular position and in the configuration of the country where industrial centres, coal, iron, and harbours lie in the closest proximity, but also in our climate. The Rhine may often be seen so low that ships and boats have to lie up for lack of water, and at the time when the snow melts in the Alps, that river is often so much swollen that it is like a raging torrent, and that navigation is impossible. Nearly every winter the Rhine and the Elbe are so full of floating blocks of ice that navigation has to be suspended.

The great rivers of Germany are no doubt magnificent arteries of trade, but they had to be regulated and tamed, and at enormous expense, before they could be utilised, and the great changes which occur every year in their depth of water, their strength of current, and their closing in consequence of the very severe winter usual in Germany, make them far less desirable as waterways than they appear at the first glance. Therefore, the advantages of Germany's magnificent natural waterways are far less great than it seems at the first glance, especially as these natural waterways had to be made navigable at enormous cost. The frequent and often lengthy interruptions in traffic which occur on the Rhine and Elbe would hardly happen in this country, where rain falls more regularly, where floods by the melting of snow in the mountains need not be reckoned with, and where streams and canals very rarely are frozen over.

Great Britain possesses no adequate waterways for her industries not because Nature has been unkind, but because men have been short-sighted and neglectful. Whilst Germany has vigorously developed her waterways hundreds of miles inland, Great Britain has not even adequately regulated the Thames. London, with its incomparable position, might become the finest *entrepôt* in the world by making a barrage east of London, and converting the stream for many miles below London into a gigantic lake of still water where undisturbed by the ebb and flow of the tides ships could load and unload on the quays from train to ship and from ship to train, and where they could store their goods in gigantic modern warehouses. Instead of such a harbour, we find a mediæval river with mediæval docks and mediæval warehouses and appliances, where goods have to be "lightered,"

exactly as in the time of Charles I., and even in the heart of industrial and commercial London, the Thames, which ought to be the best-equipped commercial river in the world, presents its ancient and unlovely mud banks at low tide exactly as it did 1000 years ago.

We may again possess ourselves of the foremost system of inland navigation in the world, which was ours 100 years ago, and it can be recreated easily and speedily at a moderate cost. During the last 20 years or so, Germany has spent about £30,000,000 on her waterways. Such an enormous sum would endow this country, where distances are small, with the most magnificent net of canals which the world has seen. At the extravagant cost of £25,000 per mile, 1200 miles of wide and deep canals could be constructed over which the goods of our manufacturing industries would flow at a cost which now appears incredibly low, and in an unthought-of volume.

The policy of the German Government with regard to her waterways has been deliberately and clearly laid down in an official publication which appeared some time ago, and it is worth our while to carefully study and to bear in mind the principles which are guiding that industrially so exceedingly progressive country. We read :—

"Any means whereby the distances which separate the economic centres of the country from one another can be diminished, must be welcomed and be considered as a progress, for it increases our strength in our industrial competition with foreign countries. Every one who desires to send or to receive goods wishes for cheap freights. Hence the aim of a healthy transport policy should be to diminish as far as possible the economically unproductive costs of transport. A

country such as Germany, which is happy enough to produce on her own soil by far the larger part of the raw material and food which it requires, occupies the most independent and the most favourable position if, owing to cheap inland transportation, its economic centres are placed as near as possible to one another. When this has been achieved, Germany will be able to dispense with many foreign products, and it will occupy a position of superiority in comparison with all those States which do not possess similarly perfect means of transport.

"Many circumstances which in former times gave superiority to certain countries, such as the greater skill of their workmen, superior machinery, cheaper wages, greater natural fertility of the soil: all these advantages are gradually being levelled down by time and progress. *But what will remain is the advantage of a well-planned system of transportation which makes the best possible use of local resources and local advantages.*[1] It is to this that England owes to a large extent her unique position for commercial exchange with other countries."

These words are well worth reading, re-reading, and remembering. Our "unique position for commercial exchange," as the German document calls it, still remains, whilst our equally unique position for industrial pursuits has been spoilt and partly lost through the insufficiency, the inefficiency, and the expensiveness of British inland transport. It is for the nation and its Government to decide whether they will allow Great Britain's industrial supremacy, which nature has put into her reach, which she once possessed, which she has lost, and which is still within her grasp, to be finally lost or to be regained.

[1] The italics are in the German original.

Germany owes, no doubt, much of her industrial success, to her wise policy of protection. But with her protection is not merely a fiscal policy, but a general and comprehensive policy. Industrial protection is extended in that country to all productive interests alike, and harmonious co-operation, not ruthless and mutually destructive competition, which unfortunately means not only the destruction of competitors, but also the destruction of national resources, is her watch-word. Germany protects her population, not only against the tariff attacks of foreign nations from without, but also against the far more dangerous attacks upon their prosperity from within. Hence Germany protects and fosters her industries, not only by her tariff, but also by a practical national education, by equitable and cheap laws, and before all by the provision of adequate, efficient, and cheap means of transport.

CHAPTER XVIII

THE RAILWAYS AND THE RAILWAY POLICY OF GERMANY

At the beginning of the railway era, Great Britain pursued a vigorous national policy, whilst the Governments of divided Germany were cosmopolitan in theory and parochial in practice; Great Britain was Protectionist, but Germany followed hazy ideas of Free Trade and Individualism; Great Britain was truly a United Kingdom, in Germany Particularism was *in excelsis*, and German unity existed only in the minds of some German idealists; Great Britain was progressive, active and hustling, whilst Germany was backward, conservative, impractical, and indolent. Industry in Germany was incredibly behindhand. The country was peopled by peasants and professors. Berlin had but 200,000 inhabitants, and large towns did not exist.

When in 1825 Great Britain opened the celebrated Stockton-Darlington Railway, and started railway building with the greatest energy, Germany philosophised, gazed, and wondered at the sudden outbreak of British industrial activity. Only ten years later, Germany timidly followed England's lead by opening, on the 7th December 1835, the Nuremberg-Fürth Railway, which, incredible as it may sound, was less than four miles in length. Only in 1838, when in this country already 540 miles of railway were opened to traffic, Prussia opened her first line

from Potsdam to Zehlendorf, which was about thirteen miles long, or exactly one-fortieth the length of the then existing British railways.

But in the same year which saw the birth of her first railway, Prussia passed a wise and far-seeing law, the law of the 3rd November 1838, by which the State gave the greatest liberty to enterprising individuals to construct railways, but which at the same time reserved to the State powers which insured an adequate control over the construction and the management of the railways and over the determination of fares, freight rates, &c. Furthermore, this law laid down the principle that the State should be entitled to take over private railways after thirty years at an exceedingly fair valuation based on the actual capital outlay, and provided that fares and freights had to be proportionately lowered whenever the net profit of railway companies should exceed 10 per cent. on the capital actually invested. Evidently great care was taken to safeguard Prussia's national interests and to protect them against being exploited by the railway companies. Although this law was exceedingly wise and marvellously far-seeing, it remained for a long time a dead letter, inasmuch as the State did not expropriate private railways with that energy that might have been expected; and the reason why the Government did, in the sixties, not act on those views on which the railway legislation of 1838 was based is not difficult to understand.

In the beginning of the railway era, the economic views of the German Government and of their officials were tinged by philosophy, philanthropy, and romanticising cosmopolitanism. They were guided rather by lofty, abstract principles, beautiful theories, and sentimental reasons than by practical, cold-blooded

business considerations. One hundred and fifty years ago, Voltaire had coined the witty phrase, "England rules the sea, France the land, Germany the clouds," and that saying still applied to Germany of seventy years ago. Germany was then a land of dreamers and visionaries. Hence the voice of that great economic reformer, Friedrich List, who so eloquently and so passionately pleaded for a "national" economic policy, was a voice crying in the wilderness. He was hounded out of Germany by the official advocates of official indolence and indifference, scientifically called "Non-interference," and, disappointed, abused, persecuted, and impoverished, he shot himself in 1846. Truly, no prophet is honoured in his own country during his lifetime; but now the nation has erected a monument to the man who is the intellectual originator of Bismarck's protective policy and of his railway policy.

List's *magnum opus*, "The National System of Political Economy," appeared only in 1840; but already in 1833, two years before the miniature railway from Nuremberg to Fürth was opened, that far-seeing man wrote, "On a Saxon Railway System as the basis of a German Railway System," and in 1838, the year when Prussia built her first railway, he published "The National Transport System." Evidently, List was greatly in advance of his time. Although his strenuous recommendations to organise railway transport and to develop industries in Germany on a national basis with the assistance of the State were little heeded by the doctrinaire politicians of his time, List had at least the satisfaction that, owing to his agitation, the Saxon Government assisted the building of the first Saxon railway from Leipzig to Dresden, which had the respectable length of

almost seventy miles, by a strange expedient. It allowed the railway to issue 500,000 thalers, or about £75,000, in bank-notes.

Railways were to Germany a British invention, and Germany imported with the invention not only British railway materials, locomotives, &c., but also the British idea that the State must by no means interfere with industrial freedom or engage in business pursuits of any kind. Guided by the axioms which were suggested to British professors of political economy by the late Mr. Cobden and his satellites, Brunswick, which in 1838 built the first State railway in Germany, the line Brunswick-Wolfenbüttel, sold that line in 1869 to a private company, from which it was purchased by the Prussian State in 1880.

The railway systems of Great Britain and of Germany are fundamentally different. Whilst in this country all the railways are private companies and are privately managed and directed, with hardly any supervision on the part of the State, more than nine-tenths of the German railways are owned, managed, and directed by the various German Governments. Out of a total extent of 51,964 kilometres (the figures are those for 1902), 47,228 kilometres are State railways and only 4736 kilometres, or almost exactly one-eleventh of the total mileage, are private railways. In Germany, as in this country, the railway interest, the majority of the professors of political economy, the Liberal party, and a large proportion of the responsible officials were in favour of unrestricted private ownership, and to them Great Britain served as an ideal and a model. Hence it is worth while to take note of the weighty considerations which caused the German States to buy, at a gigantic figure and at more than their then market value, practically the

whole of the country's railways and to incur the enormous and onerous responsibilities of managing and extending them.

Up to the seventies the German States had not pursued a settled and well-planned railway policy, but had acted in accordance with the requirements of the moment. When private enterprise came forward, railways were built by limited companies; but in cases when important strategical or commercial railway lines were not undertaken by private builders, the government either assisted private companies or built the lines itself. In consequence of the different policies which had been followed in the different German States as regards railways, the organisation of Railway Germany was as confused as was the organisation of Political Germany. Consequently there was muddle, disorder, wastefulness, sloth, and injustice in matters of transport. Side by side existed independent private companies on the model of the English railways, private companies over which the State had some control, and railways which were run and completely controlled by the State. Freights were dear, rates were uncertain, railway business was exceedingly complicated and involved, and in many instances railway charges were fixed on the principle, "Charge what the traffic will bear." Where there was competition, freights were cheap; where there was no competition, the unfortunate people had to suffer at the hands of the railway tyrant, who demanded the uttermost farthing; where there were wars, or competition, between railway companies, direct travel and the speedy despatch of goods were often impeded by the trickery of the contending railways. Owing to the arbitrariness and the exactions of the railways, and the uncertainty of the constantly fluctuating

rates, which were capriciously fixed, business suffered as severely in Germany in the seventies as it does at present in Great Britain.

The year 1879 is a memorable one for Germany, inasmuch as it witnessed both the birth of Protection and the rise of the magnificent system of the German State Railways. Already in 1876 Bismarck had tried to initiate both these measures for developing the foreign trade of the country and for regulating its railway traffic. In the same year in which Prince Bismarck penned the sentence "*Nothing but reprisals*[1] against their products will avail against those States which increase their duties to the harm of German exports," and took steps to introduce a protective tariff against unfair or overpowerful foreign competition, he also tried to protect the German producer against the exactions of the German railway companies by proposing to transfer the railways of Germany from the hands of private owners and of the individual States to the hands of the German Empire. However, in 1876 both attempts failed. Germany was not yet ripe for Protection, and several of the minor States of Germany were naturally enough unwilling to hand over their railways to the Empire. When recommending the transfer of the railways of Germany to the Imperial Government, Bismarck said on the 26th of April 1876 :—

". . . Germany is divided into sixty-three railway provinces, or rather territories, which are endowed with all territorial and feudal rights and privileges, including the right of making war; and the railway boards avail themselves of these privileges, and even make war against one another, which cost much money, for the sake of power and as a kind of sport.

[1] The italics are in the German original.

"After my opinion, the railways are intended rather to serve the requirements of trade than to earn a profit for their owners. The profits which the individual States derive from the railways owned by them, or which are distributed to shareholders in the shape of dividends in the case of private companies, are rightly considered a national taxation which the State would be entitled to impose, but which is paid not to the State but to the shareholders in private concerns. It should be our aim to see that that taxation is not oppressive, but that it stands in due relation to the requirements and the means of the railway users, that it is financially just. . . ."

On the 1st of January Bismarck issued the following interesting opinion as to the right of the State to withdraw the privileges which it had previously granted to the private railway companies. In regard to this question, Bismarck wrote :—

"Railways were meant to be, and are, instruments for conveying the national traffic, and they were given their far-reaching privileges and they were constructed in order to serve the public and general interest. Therefore their character as profit-earning instruments may be taken into consideration only in so far as that character is compatible with the general welfare, which has to be considered first and foremost. Hence the right of constructing and exploiting railways can be considered only as temporary, and their eventual purchase by the Government is a matter of course."

In the same year Bismarck issued an interesting document in which he summed up the evils caused by the private ownership of railways, as follows :—

1. Unnecessarily high working expenses and correspondingly high charges in consequence of the multi-

plicity of railway boards, managers, offices, and the unnecessary duplication of lines, stations, material, rolling stock, &c.

2. Chaos of freight charges, there being 1400 different tariffs which are constantly changing, which are unclear, and which make trade an uncertain and speculative venture.

3. Because direct travel of passengers and goods over the whole railway system of the country is often impeded with the object of harming competing railway systems, and consequently much damage is done to trade and industry.

The steps which Bismarck took in 1876 in order to introduce Protection and to bring the German railways under the direct and absolute control of the Imperial Government were somewhat half-hearted, and they were probably meant to be merely preparatory; but in 1879 Bismarck opened his campaign in favour of Protection and for the acquisition of the Prussian railways by the Prussian State in real earnest and with his usual skill and energy. But his was not an easy fight. It was a very difficult matter to make these two enormous measures acceptable to the Governments of the individual States and to a majority in the German Parliament, but his powerful arguments proved convincing both to the high officials of the allied States and to the elected representatives of the people. Therefore it is worth while to take note of Bismarck's principal arguments in favour of his anti-individualistic policy; for in that year Germany broke for good with British traditions, refused to follow any longer the example of England, and resolved to seek salvation in an economic policy which was diametrically opposed to that which had been pursued by this country, and which was extolled to the skies

by the German professors and the German Liberal Party.

Bismarck opened his railway campaign by writing on the 3rd of January the following letter to Messrs. Hofmann, Friedenthal, and Maybach, who were the Prussian Ministers for trade, home affairs, and railways :—

"I intend to raise the question whether it be not necessary to regulate the railway tariffs by imperial law. . . . The fact that such far-reaching public interests as the transport business of railways is left to private companies and to individual railway boards which are free from any supervision by the State, and the fact that these companies are entitled to make their own interest their sole guide, finds no analogy in the economic history of modern times except in the way in which formerly a country's finances were farmed out to certain individuals. In view of this fact, I intend, after due investigation, to bring forward the question whether it is not possible to introduce, by means of imperial legislation, a uniform tariff on all the railways of Germany."

After having thus prepared his colleagues, he addressed a very long letter to the German States, represented by the German Federal Council, of which the following abstract gives the chief points of interest to the English reader :—

"The regulation of freights on railways, which are public roads, is of far-reaching importance for the economic interests of the nation, and nobody must be damaged or be artificially limited in their use. The Government will no longer be able to abstain from promoting the public interest by creating those conditions which are necessary for the requirements of our national industries. The railways are public roads

for traffic, but can be used only by one corporation. By granting to these corporations certain privileges, such as that of expropriation, of police and of raising capital, the State has ceded to the railways part of its power. This part of its power was ceded to the railways not in the interest of the proprietors of the railways, but in that of the general public. Therefore it follows that the management of a railway cannot be left entirely to the discretion of the railway companies themselves. Their management must be regulated in accordance with the requirements of the public and with an eye to the public welfare.

"Therefore it follows that railway charges must not be fixed solely in order to obtain the largest possible profit. The State must not only consider the interest of the shareholders in determining railway freights, but it has also to see that the well-being of the population as a whole is fostered and promoted, and that thus the vitality of the nation will be strengthened.

"At any rate it means a damage to the interest of the community if a railway corporation takes no notice of these larger considerations. Hence the arguments which can be raised against the system of private railways as such are strengthened. Railways must not be allowed, by arbitrarily fixed tariffs, to develop industries in certain parts and to destroy other industries in other parts of the country. Even the most far-seeing railway directors cannot realise the consequences which a policy of discriminating tariffs may have later on, although such a policy may prove beneficial in the immediate future, and several railway boards have already begun to understand that it is not their vocation to act the part of Providence, to alter the natural conditions of demand and

supply, and to dominate trade and industry, but that it is their duty to serve them.

"Starting from these considerations, it is clear that railway tariffs should correspond with the requirements of production and consumption, and should not be subject to violent fluctuation. They should, therefore—

1. Be clear, and be drawn up in such a manner as to enable everybody to easily calculate the freight for goods sent.

2. They should secure to all citizens in all parts of the country equality of railway charges.

3. They should eliminate the disadvantages which at present weigh down the small producers.

4. They should secure the abolishment of unnecessary, and therefore wasteful, services, and insure the honesty of railway officials.

"These requirements are not fulfilled by the present tariff system."

After describing in detail the vast number of different tariffs and the confusion and injustice resulting from them, as well as the impossibility for traders to make a clear business calculation of railway charges, Prince Bismarck continues :—

"Preferential tariffs are an injustice by the damage they do to those who are not preferentially treated, and the tendency of railways to differentiate not only locally but also to give cheaper freight to senders of large quantities may damage the national prosperity to a very great extent. In order to secure large masses of goods, railways will go down below their normal rates, and will even work without a profit, and will thus favour the foreign producer at the cost of our home industries.

"The railways which have received from the State the monopoly of public transportation have the duty

of opinion that railway charges should be fixed in accordance with the requirements of the country; and if it be necessary to give the second place either to the national interest or to the railway interest, I am inclined to give the second place to the railway interest. The system of private railways has been imported from England, but it does not suit Prussia. Prussia requires State railways. It is our aim to take the railways out of the hands of speculators, and to make them truly national for the defence of the country and for the development of its prosperity."

Privately Bismarck remarked, in 1879, that it would be his ideal that all goods imported from abroad should be transported over the German railways at somewhat higher rates than those of home production; for he could not allow that the moderate fiscal Protection which he had introduced in 1879 should be neutralised by preferential freight rates given to the foreigner. As a matter-of-fact, he expected that the preferential tariffs given on the German railways for German industrial and agricultural products would be more effective in protecting the home industries, and increasing their strength and prosperity, than would be the moderate fiscal Protection which he had introduced.

When the foregoing weighty arguments had prepared the ground, a Bill for taking over the railways possessed by private companies was brought out on the 29th of October 1879, and the Mémoire accompanying it laid down the following general principles, which may, in time, be adopted by the whole world, including individualistic Great Britain and the United States, unless indeed railways should be superseded by some superior means of transport and locomotion:—

"Among the various forms in which railways have been developed in civilised countries, the system of State railways pure and simple is the only one which is able to fulfil in the most satisfactory manner all the tasks of a national railway policy, by creating uniformity throughout the country and equality for all, and by promoting equally the welfare of all interested in railways. Only in the case of State railways is it possible to utilise to the full and in the most thorough manner the enormous capital invested in railways; only in the case of State railways is it possible to give direct and effective protection to the public interest which is the Government's duty; lastly only in the case of State railways is it possible to establish a simple, cheap, and rational railway tariff, to effectually suppress harmful differentiation, and to create a just, diligent, and able administration which is solely guided by considerations of the general good. Therefore the State railway system must be considered as the final development in the evolution of the railway system."

Most people think that Bismarck's greatest work was political; but although the elevation of Prussia and the unification of Germany were marvellous achievements, they were, after all, only of a circumscribed importance, and were devoid of originality in their essential points. But, in his economic policy, he left altogether the traditional course which statesmen had followed hitherto. With marvellous boldness he broke with the doctrines of Free Trade, non-Interference, and Individualism, which were almost universally accepted in his time; deliberately returned to the economic policy of Oliver Cromwell and Colbert; and revived, or rather re-created, the mercantile system, to the horror of all professors of political

of opinion that railway charges should be fixed in accordance with the requirements of the country; and if it be necessary to give the second place either to the national interest or to the railway interest, I am inclined to give the second place to the railway interest. The system of private railways has been imported from England, but it does not suit Prussia. Prussia requires State railways. It is our aim to take the railways out of the hands of speculators, and to make them truly national for the defence of the country and for the development of its prosperity."

Privately Bismarck remarked, in 1879, that it would be his ideal that all goods imported from abroad should be transported over the German railways at somewhat higher rates than those of home production; for he could not allow that the moderate fiscal Protection which he had introduced in 1879 should be neutralised by preferential freight rates given to the foreigner. As a matter-of-fact, he expected that the preferential tariffs given on the German railways for German industrial and agricultural products would be more effective in protecting the home industries, and increasing their strength and prosperity, than would be the moderate fiscal Protection which he had introduced.

When the foregoing weighty arguments had prepared the ground, a Bill for taking over the railways possessed by private companies was brought out on the 29th of October 1879, and the Mémoire accompanying it laid down the following general principles, which may, in time, be adopted by the whole world, including individualistic Great Britain and the United States, unless indeed railways should be superseded by some superior means of transport and locomotion:—

"Among the various forms in which railways have been developed in civilised countries, the system of State railways pure and simple is the only one which is able to fulfil in the most satisfactory manner all the tasks of a national railway policy, by creating uniformity throughout the country and equality for all, and by promoting equally the welfare of all interested in railways. Only in the case of State railways is it possible to utilise to the full and in the most thorough manner the enormous capital invested in railways; only in the case of State railways is it possible to give direct and effective protection to the public interest which is the Government's duty; lastly only in the case of State railways is it possible to establish a simple, cheap, and rational railway tariff, to effectually suppress harmful differentiation, and to create a just, diligent, and able administration which is solely guided by considerations of the general good. Therefore the State railway system must be considered as the final development in the evolution of the railway system."

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economy. It may sound incredible, but it is nevertheless true, that the world is gradually going back to the Mercantile system, owing to Bismarck's economic reform of 1879, notwithstanding the fact that the professors of political economy have not yet discovered this curious but most important phenomenon. Otherwise, they would study that much calumniated and much maligned system, under which the political and mercantile greatness of England was built up, instead of continuing to spin out unprofitable theories.

According to the economic theories which still enjoy the greatest prestige in this country, State interference in economics is sheer heresy, and a sure road to national ruin, and the text-books prove that a State or municipal corporation is, *per se*, not fit to engage in industrial pursuits. However, it does not necessarily follow that all governmental and municipal enterprise in matters economic is found to be a failure, because our Government departments and municipalities which engage in industrial pursuits are usually red-tape bound, amateurish, ignorant of business, wasteful, improvident, and incapable. If we look carefully into the record of the German State Railways, and see what they have done for Germany's trade, industries, and finance, and for the people at large, and then look into the records of our own private railways, in which individual initiative has had almost unlimited scope, we shall see an astonishing difference, which appears not to be in favour of our own railways, as the following will prove.

Immediately after 1879, Prussia rapidly bought up all the more important lines, and within a few years the State more than trebled its railway property, as is apparent from the ensuing table.

MILEAGE OF RAILWAYS OF PRUSSIA

	State Railways	*Private Railways*	*Total*
1879 . .	6,323.6 kils.	13,650.1 kils.	19,973.7 kils.
1880 . .	11,455.3 ,,	8,893.1 ,,	20,348.4 ,,
1881 . .	11,584.6 ,,	9,159.2 ,,	20,743.8 ,,
1882 . .	14,825.6 ,,	6,329.8 ,,	21,155.4 ,,
1883 . .	15,301.1 ,,	6,604.2 ,,	21,905.3 ,,
1884 . .	19,766.9 ,,	3,002.6 ,,	22,769.5 ,,
1885 . .	21,138.4 ,,	2,496.6 ,,	23,635.0 ,,

From the foregoing figures we see that the State turned in five years from a small railway manager and owner to a railway monopolist. As a rule, the State as a monopolist is unprogressive and unenterprising—*vide* our own Post-Office. But the Prussian Government did not go to sleep once it had acquired the railways. On the contrary, it extended them most energetically, as the following figures prove :—

MILEAGE OF PRUSSIAN STATE RAILWAYS

1886–87	21,746.1 kils.
1891–92	25,206.3 ,,
1896–97	27,691.1 ,,
1902	31,341.8 ,,
1905	33,013.2 ,,

If we now compare the growth of all the German railways since 1886, when the State possessed, practically, the railway monopoly, with the growth of the British railways during the same time, we arrive at the following remarkable results :—

	German Railways	*British Railways*
1880 . . .	33,411 kilometres	17,933 miles
1906 . . .	55,518 ,,	23,063 ,,
Increase	22,107 kilometres	Increase 5,130 miles
,,	66 per cent.	,, 29 per cent.

These figures show that the German railways have, under State ownership, grown more than twice more quickly than have those of Great Britain under private ownership. It might, of course, be objected that in densely populated Great Britain there was no more room for the extension of railways. But that argu- Otherwhould be used with caution, for we find that and muny has now about six thousand miles more tical ays than has Great Britain, and, according to up, insrman statistics, there are now 9.5 kilometres of theorie per ten thousand inhabitants in Germany, hilst there are only 8.6 kilometres of railway per enin thousand inhabitants in this country. Measured int proportion to the population, the railway net of rGermany is now 10 per cent. denser than that of Great Britain.

This country possesses also no longer the densest railway net in proportion to its size, as it did during the time when Great Britain was the first industrial country, as the following figures prove. They are taken from the *Archiv für Eisenbahnwesen*, a publication which is issued by the Prussian Ministry for Public Works (Railways), and which can be relied upon for accuracy. According to this periodical, the railways of almost purely industrial Great Britain compare[1] as follows with the railways of Belgium and of the industrial States of Germany :—

Belgium . . .	25.4 kils.	of railway	per	100 sq. kils.
Saxony . . .	20.3	,,	,,	,,
Baden . . .	14.5	,,	,,	,,
Alsace-Lorraine .	13.6	,,	,,	,,
Great Britain .	11.8	,,	,,	,,

[1] A comparison of Great Britain with Belgium, Saxony, Baden, and Alsace-Lorraine may appear at first sight unfair, because of the sterile highlands of Scotland and the bogs of Ireland. But the proportion of waste land in Great Britain is almost exactly the same as that of forests in those countries.

The activity and progressiveness of a railway system is apparent not only in its length and extension, but also in its equipment. The magnificent palatial railway stations of Germany, which form such a strange contrast with the mean, dirty, and cramped railway stations of this country, are well known. But it is not so well known how rapidly the rolling-stock on these lines has increased since the year when almost the whole of them were brought into the possession of the State. Therefore the following Prussian Railway figures may be of interest :—

	Locomotives	*Passenger Cars*	*Freight and Luggage Cars*
1879	7,152	10,828	148,491
1884–5 . . .	8,367	13,063	174,157
1889–90 . . .	9,425	15,177	194,705
1894–5 . . .	10,991	18,391	231,266
1900–1 . . .	13,267	24,225	303,364
1905	15,295	28,701	328,067

During the twenty years following the creation of the State railways, the rolling-stock of the country has been more than doubled. Improved material has been introduced everywhere; travelling has become infinitely more safe, more comfortable, and more rapid on the State railways than it ever was on the old private lines, and owing to the introduction of more powerful engines, larger freight cars, &c., haulage has become far more economical and efficient. Goods trains in Germany convey, as a rule, more than twice the weight which they carry in this country; but an exact comparison cannot be made, because our railways do not publish ton-mile statistics, which would glaringly show up their inefficiency. Whilst the most common truck in Great Britain holds about eight tons, that

In Belgium 17.7 per cent. of the whole territory is covered with forests, in Saxony 25.8 per cent., in Baden 37.7 per cent., and in Alsace-Lorraine 30.3 per cent. Besides Belgium, Saxony, Baden, and Alsace-Lorraine are on an average more mountainous than is Great Britain.

mostly used in Germany carries fifteen tons. Therefore the German goods trains haul a smaller dead-weight, and are therefore much more economical than are English toy trains pulled by toy engines, and composed of insufficiently loaded toy trucks.

How marvellously the freight and passenger business on the German railways has expanded since they came into the possession of the State may be seen from the following statistics, which show that, whilst the mileage of the railways has grown within twenty-six years by 65 per cent., and whilst the rolling-stock has been almost trebled, passenger and freight traffics have more than quadrupled :—

	Passenger, Kilometres	*Ton, Kilometres*
1879 . . .	3,797,172,000	8,644,625,000
1884–5 . .	5,083,700,000	12,414,712,000
1889–90 . .	6,903,526,000	16,142,648,000
1894–5 . .	8,763,723,000	18,162,727,000
1900 . . .	14,310,204,000	27,434,536,000
1905 . . .	18,559,467,000	33,324,054,000

Although the wages of the German railway servants have considerably risen all round, and although, at the same time, freight and passenger charges have been lowered all round, as will be seen in the course of this chapter, the financial result of the State railways has become more satisfactory from year to year, largely owing to good management. The following have been the profits earned on the total capital of all the railways of Prussia :—

1869	6.5	per cent.
1874	4.4	,,
1879	4.9	,,
1884–5	4.9	,,
1889–90	6.2	,,
1894–5	5.6	,,
1900	7.0	,,
1905	7.4	,,

Under private management the railway profits were stagnant, or rather retrogressive, but they became rapidly progressive after the railways had in 1879 been taken over by the State. A profit of 7½ per cent. on the whole railway capital is a result of which an English railway director might perhaps dream, but would not think, for the net receipts of all the British railways have fluctuated for so many years between 3 and 4 per cent. that 4 per cent. appears now an ideally high return on the total British railway capital. As Prussia borrowed the money with which she bought the railways by means of loans, returning about 3½ per cent., the State makes every year on its railways an immense profit, which flows into its exchequer. Prussia has a State debt of £388,233,870, and the net earnings of the State railways for 1907 not only sufficed for making the necessary provisions for the interest on the whole of the National Debt, and for its redemption, but left over and above that sum a clear balance to the State of £13,600,000, which went to the relief of taxation.

The railway-using public, in the whole world, desires chiefly that the conveyance of passengers and goods should be quick, convenient, punctual, equitable, and cheap. These five requirements are well fulfilled by the German State railways. Although a few show trains on British lines are still faster than are the show trains on German lines, the average speed of passenger trains is, according to a high German authority, considerably greater in Germany than it is in Great Britain. The German lines are no doubt more convenient than our own lines, owing to the unity and uniformity of their traffic arrangements, trains, time-tables, &c. Tickets issued from one town to another are, as a rule, available on the different

lines connecting the two towns, and if a traveller should choose another way, he will not be told "Your ticket is not available on this line," for the German railways are, for all practical purposes, one line.

In Great Britain it requires years of travel and of careful observation to learn one's way across the country, and its numerous lines, and to avoid the many pitfalls which are everywhere placed in the way of the inexperienced traveller. In Germany, such pitfalls do not exist, and the greatest simpleton will travel as cheaply, as comfortably, and as rapidly all over the country as will the most cunning commercial traveller. On many British lines, and especially on those south of London, trains appear to be late on principle. In Germany, railway trains arrive, in nineteen times out of twenty, to the minute, because the Government punishes severely those who are responsible for delay.

On British railways people are not equitably and not equally treated. Those individuals who can "influence freight," such as buyers for wholesale firms, &c., are often able to extort free tickets and even free passes over certain railways, and the amount of freight charged is largely a matter of negotiation and of influence. The British merchant cannot tell beforehand what the freight will come to unless he inquires previously at the railway. The British railways charge on freight "what the traffic will bear"—that is to say, they put on the screw till the victim shrieks or goes bankrupt. Our railways are, no doubt, to a great extent guilty of the ruin of our agriculture and the decay of our manufactures and industries, owing to the freight policy which they pursue. A reliable guide to the freight charges does not exist in this country, and it could not be compiled, for the

freight charges per mile, for the identical goods and even on the same line, vary in almost every town. Therefore a complete freight tariff for Great Britain would probably be bulkier than the "Encyclopædia Britannica." Besides, freights fluctuate constantly. Consequently, the British trader who has to send goods by railway works in absolute uncertainty, and when he sends his goods, carriage forward, the chance is that the railway company levies an extortionate toll at the other end, and the trader loses his customer. This is particularly often the case when goods are sent abroad, for the foreign customer believes himself to be swindled when seeing the high railway charge, or he feels at least aggrieved, and feels inclined to give his business to a German exporter, whose freight charge is moderate and not a matter of speculation.

In practice the British railways squeeze out their charges on a system, but it is an atrocious system, which nobody, railway managers included, knows or can understand. The nearest analogy to the "system" on which railway charges are made in Great Britain may be found in the system of Likin charges which are imposed in China by the local mandarins on goods passing through territory under their jurisdiction. Likin also is levied on the mediæval principle "Charge what the traffic will bear." The British Government has pressed energetically and repeatedly for a uniform Likin charge on transit throughout China. It has represented to the Chinese Government that the advantages of such an enlightened measure would be enormous for the whole country. But the same British Government has not yet tried to enforce a uniform railway freight tariff in Great Britain. As regards China, votes need not be considered, whilst the British railway interest, unfortunately for the

country, sends some sixty directors into Parliament. Therefore, the *Railway News* wrote, after the last General Election, on the 20th October 1900, of the sixty-six railway directors and five railway contractors, who were returned, that "these might be expected to support proposals beneficial and to oppose those detrimental to railway enterprise." This result is, no doubt, very satisfactory from the railway point of view; but it is, unfortunately, deplorable from the national point of view. This is one of the reasons why, in this country, trade and industries are subservient and in vassalage to the railways, and why agriculture is groaning under railway tyranny, whilst in Germany the railways have to be subservient to the productive interests of the nation.

The German State railways have largely contributed to the prosperity of the German industries, the British railways have largely contributed to the decay of the British industries. In Germany trade policy is made by the trade; in Great Britain it is made by the railways, which, without consulting the trade, prescribes its course, stimulating it here and stifling it there. But the greatest injustice under which the British producer suffers is that the British railways are allowed to convey foreign produce more cheaply than they carry British produce, whereby they directly subsidise the foreigner to the harm of the native producer. They purposely support foreign industries on the broad principle, "On British produce we charge what we can, on foreign produce what we may; British produce has to come to us, foreign produce has to be attracted." Unfortunately, redress for those who are injured by this nefarious policy is very difficult, very costly, and almost impossible, in view of the secrecy of railway charges.

In Germany such outrageous conduct would be impossible, even on the part of the few private railways still existing.

The German freight tariff is of beautiful simplicity. The freight charges are uniform throughout the country, and are fixed at an invariable amount per ton per mile. There are only a few classes of goods, and every trader possesses a little book by means of which the office-boy can calculate in a moment the exact amount of the freight charges for any weight between any two stations. Freight charges in Germany are as uniform, as generally known, and as simple as are our own postal charges on letters, post-cards, and printed matter. Freight charges in Germany are not determined by negotiation, or by influence, and the goods of the foreigner which compete with German goods are not carried at a lower, but at a higher, rate than the native produce. But foreign raw material is carried cheaply, and thus Bismarck's ideal, which was mentioned in the foregoing, is fulfilled.

Whilst in this country the railways raise fares and freights at every opportunity, the fares and freight charges of the German State railways are steadily going down, as the following figures show :—

RECEIPTS OF THE GERMAN RAILWAYS (per ton, kilometre)

	Goods by fast train	*Goods by ordinary train*
	pfennigs	*pfennigs*
1893 . . .	24.47	3.79
1896 . . .	24.09	3.79
1899 . . .	21.75	3.57
1902 . . .	17.01	3.52
1906 . . .	16.49	3.50

If we now look into the earnings of the German

railways on their passenger traffic, we find the following figures, which also show a decrease of charges :—

RECEIPTS OF THE GERMAN RAILWAYS (per passenger, kilometre)

	1st Class	2nd Class	3rd Class	4th Class
	pfennigs	*pfennigs*	*pfennigs*	*pfennigs*
1893 . . .	7.87	4.96	2.94	1.99
1896 . . .	7.94	4.71	2.76	1.98
1899 . . .	7.75	4.66	2.69	1.96
1902 . . .	7.33	4.48	2.67	1.89
1906 . . .	7.31	4.37	2.65	1.84

In Great Britain the maximum charge for third class travelling is 1d. per mile, and a glance at any railway guide, such as the A, B, C Guide, will show that the British railways charge, in nine cases out of ten, the full maximum rate. In Germany, the lowest class is the fourth class, where the average charge is ⅝d. per mile, whilst the charge for third class is about ½d. per mile. It is also worth noting that in Germany, travelling first class is comparatively very much dearer than it is in England. On an average, it costs in that country about three times more to travel first class than third class, and about four times more than it costs to travel fourth class. But in Great Britain, travelling first class usually is only about twice dearer than it is to travel third class. In Germany, the poor man travels cheaply, whilst in England the rich man travels cheaply.

Unfortunately, the German statistics of passenger charges and freight charges per mile cannot be compared with similar British statistics, because comprehensive British statistics are not issued by the British railway companies, for reasons best known to themselves. The British railways publish neither these statistics, nor their freight charges, which are

of the greatest interest to the public, exactly as the Chinese mandarins are not so stupid as to publish their Likin charges in the seaports. They also do not care to frighten customers away by publishing their extortionate charges, and they dread, besides, exposure and impeachment in Pekin by the Board of Censors. More than twenty years ago, in 1884, Sir Henry Calcraft and Sir Robert Giffen, who were then assistant secretaries for the Railway and Statistical Departments, regretted that "It is impossible to show what is the receipt per ton per mile." And in 1886 Mr. J. S. Jeans read a paper on Railway Traffic before the Statistical Society, in which he said :—

"The average transport charges may be ascertained for every European country except our own, as regards both goods and passenger traffic. In Great Britain the railways, whether by accident or by design, have hitherto contrived to make it impossible for the public to discover the average charges for the transport of either the one or the other, for any one railway or for the country as a whole."

Since then the demand has frequently been raised by the public that the railways should publish their charges and their earnings per mile per ton, and per mile per passenger, &c. But although our railways have, through their various advocates in the press, written and argued a great deal, they continue to work in that congenial obscurity which they find, apparently, most conducive to the conduct of their business.

The German States pursue a truly national railway policy. Railways are built where they are wanted by the population or by the State, even if they do not pay ; for the German State monopolist considers himself as the servant of the nation and as the trustee of its interests, and not the nation as the

milch-cow of the railway department. Hence, the German States have encouraged the building of canals in every way, and the tolls charged for their use are so low that the Government loses about a million pounds per annum on its canals. Again the German Government has in no way interfered with the building of electrical trams, whilst the railways in the classical country of Freedom and Non-interference have nefariously closed the canals and obstructed the building of electrical tramways, in order to deprive trade which wished to escape strangulation of an alternative outlet. For exactly the same reasons the Likin-imposing mandarins of China offer the most determined opposition to the building of railways, although they pretend that this opposition springs from the fear that the ashes of their ancestors might be disturbed.

The hostility of our railways to the canals is largely responsible for the fact that Germany has an excellent net of canals, whilst the canals of this country are beneath contempt, and that Germany had, in 1899, more than 2000 miles of electric tramways, whilst Great Britain had only about 500 miles. In the beginning of the railway era, Germany began to experiment in railways after they had been established ten years in this country. Now the position has been reversed. Great Britain began to experiment with electrical traction ten years after it had been established in Germany, to the great amusement of German engineers. Incidentally, it might be mentioned that the first electrical locomotive was exhibited in Berlin as early as 1879, and that on the Government subsidised experimental railway, Berlin-Zossen, an electrical railway train achieved a speed of about 130 miles per hour.

Although the British railways are no longer leading in enterprise, they are in another respect still absolutely paramount. With the same energy and perseverance with which Germany has increased and improved her railways, the British railways have piled up indebtedness in their capital account. Therefore they are, as regards so-called capital cost, the foremost in the world, as the following figures show, which are taken from the *Archiv für Eisenbahnwesen*.

CAPITAL COST OF RAILWAYS (end of 1902)

1. Great Britain	Marks	670,014	per kilometre
2. Belgium	,,	391,926	,,
3. France	,,	314,662	,,
4. Italy	,,	281,738	,,
5. Austria	,,	279,908	,,
6. Switzerland	,,	266,313	,,
7. Germany	,,	258,808	,,
8. Hungary	,,	245,557	,,
9. Holland	,,	215,614	,,
10. Russia	,,	194,535	,,

If we compare the capital of the German and the British railways, we find that the British railway capital per mile is about two-and-a-half times larger than is the German railway capital. Consequently, if efficiency and expenses be equally great on German and on British railways, our railways must earn two-and-a-half times more on their traffic than do the German railways, in order to pay the same dividend on their capital. The inflated capital of the British railways hangs like a millstone round their necks, and here we have one of the chief reasons why fares and freights are high in this country and low in Germany, and why railway profits are large in Germany and small in Great Britain.

British railway capital was not always as un-

wieldy as it is now, but has gradually become so, as the following figures prove :—

CAPITAL OF BRITISH RAILWAYS

	Miles of Railway Open	*Total Capital*	*Capital per Mile*
1861 . . .	10,865	£362,327,000	£33,335
1871 . . .	15,367	552,680,000	35,944
1881 . . .	18,175	745,528,000	41,019
1891 . . .	20,191	919,425,000	45,542
1901 . . .	22,078	1,195,564,000	54,152
1906 . . .	23,063	1,286,883,000	55,000

The British railways have been, and are still, piling up capital indebtedness merrily until the day of reckoning, which assuredly will come, and then lost capital may have to be written off by hundreds of millions. No doubt a large part of this colossal sum of now about £60,000 per mile has been spent properly, but perhaps an equally large part represents promoter's plunder, water, and, before all, "improvements." Our railways make it a rule when effecting necessary renewals, repairs, improvements, &c., to charge these whenever possible to capital account, and thus increase their indebtedness, instead of paying for these out of current earnings. In other words, they declare their property improved in value by the amounts spent on necessary repairs, renewals, and improvements. On the same principle, a man might claim that his boots are worth sixty shillings because he originally paid thirty shillings for them, and paid since then another thirty shillings on repairs. Unfortunately, there are some political economists and politicians in this country who consider it a matter of congratulation that the railways owe more than £1,300,000,000 to the public, although they are worth, probably, only half that sum, especially as nothing lasts for ever, even British railways. Mail coaches

have been superseded by railways, and railways may be superseded by some other form of locomotion and transport.

The German State railways have pursued a more conservative financial policy than our own railways, especially since they came under State control, as the following table clearly shows. When they were in private hands, they also increased their capital year by year, though their financial excesses were comparatively small.

CAPITAL OF GERMAN RAILWAYS

1871 . . .	Marks 220,300	per kilometre
1873 . . .	„ 242,300	„
1875 . . .	„ 249,200	„
1877–8 . .	„ 265,000	„
1882–3 . .	„ 265,400	„
1887–8 . .	„ 255,100	„
1892–3 . .	„ 253,200	„
1902 . . .	„ 258,800	„
1906 . . .	„ 269,800	„

Up to 1878 the German railway capital per kilometre increased from year to year, but since 1877–78, it has actually decreased, notwithstanding the enormous extensions and far-reaching improvements which have been effected since then. During the same period, when the capital of the German railways per kilometre has slightly decreased, the capital of the British railways has been increased by about £20,000 per mile, or by an amount similar to the total cost of the German railways. Comment on these figures seems superfluous. The British railways claim that their capital per mile has so enormously been increased during the last twenty years on account of the vast improvements and extensions which they have effected; but similar improvements and

extensions have been made by the German State railways, but they have chiefly been paid for out of earnings. The German railways were anxious to keep their capital within reasonable bounds, and not to put on their railway property a fictitious, inflated value, especially in view of the possibility that railways may become superseded or may become unremunerative.

The British railways were heavily handicapped from the beginning by the extortions of the landowner, the promoter, and the lawyer. The German railways also suffered at the promoter's hands, but they got their ground cheaply. Of the Prussian railway capital only 9.87 per cent. was spent on account of land. Hence, land accounts on an average for a capital outlay of only about £2000 per mile on the German railways, whilst the British railways bought land at fancy prices. The law expenses also were low in Germany, whilst they were extortionate in this country. The law costs in respect of the London, Brighton, and South Coast Railway are said to have come to £4806 per mile, and those of the Manchester-Birmingham Railway to £5190 per mile. Apparently, it has often cost British railways much more money to acquire their title than it has cost German railways to acquire their land. These are some of the disadvantages of unrestrained individualism, which is favoured by the policy of *laissez-faire*. *Laissez-faire* means, unfortunately, only too often, *laissez-méfaire*.

The foregoing facts and figures clearly prove the wisdom of Bismarck's policy and the immense superiority of the German State-owned railways over the British private railways. But it would be rash to conclude from the marvellous success of Bismarck's

gigantic experiment in State Socialism that State railways would prove a blessing to this country as well. Germany has in its officials a splendid instrument for administration, and in that country bureaucracy works on business lines, especially with regard to railways, the post-office, telegraph, and telephones. A similarly efficient instrument of administration, unhappily, does not exist in this country, where the art of administration has as yet hardly been discovered, and where administrative organisation is rudimentary and centuries behind the times.

A British Government department consists of a host of irresponsible officials, without authority, directed by a nominally responsible amateur, without experience. And this responsible ignoramus is given the highest post in the administration, not because of his proved ability or latent talent as an administrator, but either because of his skill as a debater or because of his social influence and wealth. That bureaucratic irresponsibility presided over by well-meaning, responsible ignorance, does not make for administrative efficiency, can hardly be wondered at. For these reasons, our Government departments will continue inefficient, improvident, unbusinesslike, and wasteful in all matters of administration, until the whole administrative machinery of the country is put on a totally different basis. For these reasons State purchase of the British railways is out of the question, for they would, no doubt, be worse managed by the State than they are by the companies.

What the State can do, and what the State ought to do, is far simpler and far easier to effect than taking over and managing our railways. The State should, in the first place, restrict further capital issues for improvements, renewals, and repairs on the part of

the railway companies. Then, it should insist on a clear tariff for the conveyance of goods and passengers, based on uniform charges per mile throughout the country, and should make discrimination in freight rates by any means whatsoever an offence punishable with so enormous a fine (say, £1000 in each case), of which one half should go to the informant, that preferential treatment meted out to a favoured few or to the foreigner would be extinguished for all time. Tickets on different lines should be made interchangeable. The publication of the statistical and other information, which can be obtained from the railways of all civilised countries excepting Great Britain, should be made compulsory. Lastly, a Government department should be created for the supreme control of all traffic by rail, canal, and sea, and legal arrangements should be made in order to facilitate and to cheapen the prosecution of railway companies by aggrieved railway users. At present, it is almost impossible to hold a railway company liable for the damage which they do in forwarding goods, &c.

Such a policy should be immensely popular with the whole nation, including railway stockholders, for they also are railway users. Besides, with fair rates and no favour, the prosperity of our declining n-dustries should rapidly return, and the industrial revival which may be expected should more than recoup the railway companies for any temporary loss which may arise to them when they are compelled to abandon their present unfair and anti-national policy. Nevertheless, they will raise an outcry, protest against coercion, and will speak of their rights; but then they will have to be told that an intolerable wrong, which has gradually grown up, and which has been borne for a long time, does not become a right, that

the railways exist for the benefit of the country, and not the country for the benefit of the railways.

However, the State should not only restrain and punish, but also encourage and assist, the railway companies, and it can do so at small expense. If there was a compact permanent commission, composed of practical business men and engineers, presided over by a junior statesman, enormous savings might be effected on our wasteful railways by the suggestions and mediation of such a body. British railways can, in view of their bloated capital, find salvation only in combination and economy. If a combined effort was made by the British railways and real, not apparent, unity of purpose was secured among them by means of a connecting and impartial central body, a huge number of duplicate stations, receiving offices, warehouses, bureaus, &c., might be abandoned, a vast number of competitive trains might be dropped, technical improvements could be introduced more easily, the science of economic transport could be better developed, and purchases could more cheaply be effected by "The United Railways of Great Britain" than by individual companies. Lastly, improvements and inventions, &c., made by one road might be made to benefit all the rest, and all the railways of Great Britain might be made to assist one another, whereas, now they only hamper one another and damage one another, though outwardly they appear to be on good terms.

During the last few decades, British statesmen have frequently uttered beautiful sentiments with regard to our railways and our industries, but they have done nothing practical, in order to open new outlets to our trade or to improve the old ones.

Three hundred years ago, Lord Bacon wrote:

"There are three things which make a nation great and prosperous: a fertile soil, busy workshops, and easy conveyance for men and commodities from one place to another." Great Britain possesses, perhaps, the most fertile soil in Northern Europe, yet her agriculture has decayed; she has the most industrious and the most energetic working men, yet our manufacturing industries are visibly declining. Unless the avenues of trade are again opened wide, neither our fertile soil, nor our willing population, nor our vast natural resources, nor our unique geographical position, nor our wealthy colonies, nor our accumulated wealth, nor our great industrial past will save us from poverty, misery, and decay. Statesmen must act—*gouverner c'est prévoir*. The policy of Non-interference is the policy of incapacity; individual but isolated effort is inefficient; what is wanted is combination and a Government which leads the nation.

Colbert, the father of the Mercantile System, has left a beautiful saying, which should be the watchword of the British statesman of all parties. "The most precious thing which a State possesses is the labour of its people." All parties should combine to protect the labour of the British people, and to promote actively the industrial welfare of the nation. The policy of Non-interference has had its day. Let us frankly recognise it, and let us not use the labour of the people as a pawn in the Party game, for the people live by their labour. Who restricts labour kills life, who creates labour makes a nation great and prosperous. That is the lesson of the German railways and of Bismarck's railway policy.

When, on the 24th of February 1881, Prince Bismarck was told by the leader of the Radical party that his economic policy was unsound, unscientific,

opposed to economic principles and traditions, the Prince did not quote political economists to support his policy, but retorted: "For me there has always been one single aim and one single principle by which I have been guided: *Salus publica*." May that also be the guiding-star of all those politicians who have the economic regeneration of Great Britain honestly at heart.

CHAPTER XIX

THE SHIPBUILDING AND SHIPPING INDUSTRIES OF GERMANY

THE fact that Germany has an exceedingly prosperous shipping and shipbuilding industry must appear exceedingly strange and almost inexplicable to those who are convinced that a prosperous shipping trade can be erected only on the broad basis of Free Trade, and that industrial protection necessarily creates trusts, brings about high prices of the various materials used in shipbuilding, and thereby causes ships to become so expensive that the shipping and shipbuilding industries decay as they have done in the case of the United States and France. Therefore it is of the greatest interest and of considerable importance to investigate why Germany, the classical land of protected industries, of trusts, rings, and other industrial combinations, forms an exception to the general rule, and why she possesses a very powerful and most flourishing mercantile marine, and a shipbuilding industry which need not fear comparison with the enormous shipbuilding industry of this country, although German shipbuilding is hampered by most unfavourable natural conditions, conditions which would prove absolutely ruinous to our own shipbuilders.

Coal and iron, which are the principal materials used in shipbuilding, are found in Germany not close to the sea coast, as in this country, but far away

inland in the middle and in the south of Germany. How enormous is the distance between the principal coal and iron centres of Germany and the most important shipbuilding towns may be seen at a glance from the following comprehensive figures which have been furnished by Messrs. von Halle and Schwarz, the well-known authorities on German shipbuilding:—

Distances between—

	Essen. Miles.	Aix la Chapelle. Miles.	Saarbrücken. Miles.	Kattowitz. Miles.
Wilhelmshaven . .	198	258	417	647
Bremen	165	237	402	581
Geestemünde . . .	204	277	437	620
Hamburg	243	318	482	534
Kiel	318	390	555	568
Lübeck	283	357	523	514
Danzig	640	716	798	380
Memel	872	950	1028	568

From the foregoing table it appears that the average distance which the heavy German raw material has to travel overland before being worked into ships is approximately 400 miles, a distance which is greater than that which separates London and Glasgow. It should be added that by far the largest part of the German iron ore comes from Alsace-Lorraine and Luxemburg. Consequently the column giving the distances between Saarbrücken and the various shipbuilding towns, distances which range from 400 to 1000 miles, is the most important. In a recent report, Mr. Warner, the United States Consul at Leipzig, correctly said, "Germany, of all World Powers, with the exception of Russia and Austria, is the one with the poorest natural means of communication by sea with the outside world. However, in spite of this fact she holds to-day an enviable position in the

world's carrying trade. She is advancing in the science of traffic upon the high seas, under difficulties of no small proportions, faster and more effectively than any other Power."

How great are Germany's difficulties owing to her unfavourable geographical position may be seen from the fact that when in the year 1878 a Government investigation was made into the German iron industry, it was found that from 20 to 30 per cent. of the cost of production of German iron was accounted for by the cost of transport over long distances, whilst the cost of transport in respect of English iron is said to amount only to from 8 to 10 per cent. of the cost. According to Schrödter and other German authorities who have given their views when the new Customs Tariff was prepared and when the state of the shipbuilding industry was investigated, these high percentages prevailed still then as they did in 1879. These official figures confirm that this country possesses an enormous natural advantage over Germany with regard to industrial competition, and if Germany and Great Britain ever should work under identical conditions Germany could not possibly industrially compete with this country owing to the unfavourable geographical condition by which she is hampered.

From the foregoing table of the distances which separate the German shipbuilding industry from the centres where coal and iron are raised we can form an idea of the difficulties under which the German shipbuilder has to work, and we can easiest realise these difficulties by imagining that our shipbuilders on the Clyde would have to draw their raw material from Portsmouth, Land's End, or London, overland through the whole length of England instead of either drawing it from the immediate neighbourhood of the Clyde or

obtaining it cheaply oversea. These facts and figures show that Great Britain is wonderfully favoured by Nature, by her geographical position and structure, and by the fact that coal, iron, populous towns and harbours lie in immediate proximity of each other, not only for the pursuit of shipbuilding but of all other manufacturing industries if compared with Germany, or, indeed, any other country. It should be added that most of the material used in German shipbuilding is of German origin, that the German iron travels almost exclusively by rail over hundreds of miles to the shipbuilding yards, and that the State railways wisely concede very low freights to the raw material thus despatched in order to foster the national shipbuilding industry. One of the most potent arguments in favour of the construction of the Dortmund-Ems Canal, which cost no less than £4,000,000, and which was opened a few years ago, was that it would cheapen the transportation of iron and steel used in shipbuilding from the interior of Westphalia, the most important centre of the German iron industry, to the shipyards on the North Sea and on the Baltic.

During the middle of the last century German shipbuilding was rather flourishing. Numerous shipyards on the Elbe, the Weser, and along the North Sea coast, were then engaged in building wooden sailing ships for which the raw material was cheap and near at hand. In those days Germany supplied this country with much of the shipbuilding timber used in our own ships. Prussia, always desirous to foster private industry by judicious official encouragement, opened in 1836 a technical high school of shipbuilding near Stettin, and the numerous fine fast clippers, which between 1850 and 1860 carried vast numbers of German emigrants to the United States,

owed their excellence to that pioneer institution, which rather benefited Prussia's neighbours than Prussia herself.

When in the 'sixties iron-built steamships began to displace wooden sailing ships, the German shipyards on the sea coast declined, Great Britain, who was then practically the only industrial country in the world, easily obtained the monopoly in iron shipbuilding and easily maintained her position with the German buyers of ships for a long time. During the 'sixties and 'seventies practically all the German merchant steamships were built in this country. Competition in shipbuilding with this country seemed altogether out of the question on account of Germany's most unfavourable geographical position. Private enterprise in Germany shrunk from undertaking an apparently hopeless task, and Germany would have remained an inland power had not the Government again shown the way to private enterprise and encouraged the creation of a shipbuilding industry by a deliberate fostering policy upon which no British Government of modern times would have dared to embark, and for which no British House of Commons would have voted the funds. In 1870, a little before the outbreak of the Franco-German war, the Prussian Government established at Kiel and Wilhelmshaven repairing yards for the few British-built warships which Prussia then possessed. The victorious war and the unification of Germany encouraged the Prusso-German Government to go a step further, and it resolved experimentally to build an armoured cruiser, the *Preussen*, without looking too closely into the expenditure. The ship was a success, and although it was far more expensive than it would have been if it had been ordered in this country, which then was the

cheapest market for ships of war, the German Government decided to continue building its own warships without over much regard to economy, firmly expecting that eventually a powerful and economically profitable German shipbuilding industry might arise out of these small, very costly, and apparently hopeless beginnings.

On the 1st of January, 1872, General von Stosch became the head of the German Admiralty. Although he was not a naval man he proved a most capable and far-seeing organiser and administrator of the German navy, and he resolved that everything that could be done should be done in order to create a powerful shipbuilding industry in Germany. Although no premiums were granted for encouraging the building of iron ships, the creation of the German navy proved a mighty stimulus to the German shipyards and to the German iron industry, especially as Von Stosch laid down the principle that all German warships should be built in German yards, and that they should be constructed exclusively of German material in order to make Germany independent of the foreigner as regards the building of men-of-war. With this object in view he made it his motto, "Without German shipbuilding we cannot get an efficient German fleet."

When in 1879 Bismarck resolved to abandon the policy of Free Trade and introduced Protection into Germany, he found that the German shipyards situated on the sea coast had since 1853 been able to import all raw material used in shipbuilding free from all duties, whilst the shipyards situated on the great rivers inland were not similarly favoured. The latter found the prices of foreign raw material used in shipbuilding too high owing to the duties charged on the

frontier, and they could also not furnish river steamers built of German iron at a sufficiently low price because the cheaper English iron was worked up into river ships in England and Holland, and these ships penetrated duty free into Germany *vid* the Rhine. Thus the important shipbuilding industry on the rivers of Germany had decayed, and the very large river traffic on the Rhine was not in German but in Dutch hands. In introducing his comprehensive system of general agricultural and industrial protection in Germany, Bismarck wisely made an exception to the general rule in favour of the shipbuilding industry which, under unmitigated protection, would have been crippled. With this object in view the German shipyards were exempted from all duties payable on the various raw and manufactured materials used in shipbuilding. In other words, Bismarck gave complete Free Trade to the German shipbuilding industry which, from a fiscal point of view, is carried on outside the German frontier. Therefore the German shipbuilding industry is treated like a foreign country by the German iron industry, and the latter relieves itself of unduly large stocks by dumping iron and steel not only in England but in the German shipyards as well in order to avoid having to sell its produce at a loss in the German market, and thus depressing prices in its most valuable and most potent market, the home market.

After having given protection to all the German industries with the exception of the shipbuilding industry, Bismarck converted the private railways of Prussia into State railways and arranged that the heavy raw material used in German shipbuilding, such as steel, iron, timber, &c., should be hauled over the State railways at rates barely covering the cost of handling and transportation. Thus Bismarck bridged

the huge distance which separated the German seaports from their industrial base, and he created conditions which made it possible for the German shipbuilding industries to grow and to expand. Though the shipbuilding industry was not protected by fiscal measures it was no less fostered by these preferential traffic arrangements, and by further measures taken by the Government which will be described in the course of this chapter.

Although the State had created a private shipbuilding industry by ordering warships from private German builders and had enabled the few German shipbuilders who then were in existence to work cheaply by giving them Free Trade in foreign materials used in shipbuilding, and by granting to them cheap transportation over Government railways for material of German origin, the German shipping companies, for some considerable time, did not feel inclined to desert the British shipbuilders, who had hitherto furnished them with excellent ships. The German shipowners did not trust the German shipbuilders, whose ability at building merchant ships was questioned and doubted. The principle of General Von Stosch, the Minister of the Navy, "without German shipbuilding we cannot get an efficient German fleet," was not applied by the German shipowners to the shipping trade. The business connections which the German shipowners had formed with the leading English shipyards had, by a long and a satisfactory intercourse, become so firmly rooted as not to admit of new building orders being voluntarily given to German builders, especially as the German yards had so far not achieved a sufficient success in the building of merchant vessels. Up to 1879 the German yards had not been in a position to compete on equal terms with English

shipbuilders as regards both price and rapidity of delivery. German materials were far more costly and the working plant of the German shipyards was quite inadequate for quick and efficient shipbuilding. Only when in 1879 the import duties on shipbuilding materials had been abolished, and when at the same time the German iron and steel industries had been so much strengthened as to allow of their creating branch industries devoted to shipbuilding, could the building of merchant vessels on an adequate scale be inaugurated in Germany.

At a time when, through their constantly increasing output of cargo steamers and fast passenger boats, British shipbuilders had left behind them the stage of infancy in steamship building, Germany hesitatingly commenced experimenting with high pressure boilers, and replaced the boilers of the old Lloyd steamers with triple expansion engines of German make. As these new boilers proved to be unsatisfactory, German steamship owners not unnaturally felt disinclined to order new steamers in Germany. Only gradually were the difficulties and obstacles overcome which at one time threatened to overwhelm the German shipbuilding industry, and only in 1882 the Hamburg-American Line began to show some little confidence in the ability of German shipbuilders by ordering the *Rugia* from the Vulcan Company in Stettin, and the *Rhaetia* from the Reiherstieg yard in Hamburg. Thus the building of large vessels in Germany made a very modest start but twenty-three years ago.

Only fifteen years after the launch of the *Preussen* and five years after Free Trade in respect of foreign shipbuilding material and preferential railway rates for German shipbuilding material had been granted to

smooth the way of the German shipbuilders, the German shipowners began to order their ships more freely from German builders, and they did so not from choice, but because they were induced, one might almost say compelled, to order their ships in Germany by an Act of the German Parliament. In 1884 Bismarck introduced a Bill by which subsidies were to be given to the North German Lloyd for a line of mail steamers, but these subsidies were to be accorded under the express stipulation that the new ships to be built were to receive the subsidy under the Act only if they were constructed in German shipyards by German workmen and, as far as was possible, of German material. That action, coupled with the subsidies granted to the German liners, proved at the same time the salvation and the foundation of the great German shipbuilding industry, and therefore of the German shipping trade, which, rightly considered, was founded only in 1884, and Mr. Mason, the United States Consul in Berlin, was quite right in reporting to his Government, "It can safely be said that the great lines which now connect the two principal ports of Germany with Asia, Australasia, and the German colonies in East Africa, would not, and could not, have been established and maintained during the earlier years of struggle and uncertainty had they not received the direct, liberal, and assured support of the Government through fixed annual subsidies." Thus events have fully vindicated Bismarck's far-seeing policy, which at the time was loudly condemned in British and in German Free Trade circles as well as unbusinesslike, wasteful, and impracticable.

The Government-subsidised North German Lloyd gave the first important order to German builders of

merchant steamers by ordering, under the Act of 1884, six liners from the Vulcan Shipbuilding Company. These vessels, when completed, were found satisfactory in every respect by the North German Lloyd, but the Vulcan Company had to buy dearly, though not too dearly, its experience in building large steamers, for it lost upon this pioneer transaction between one and one-and-a-half million marks. This loss was largely caused by the fact that the building plant of the Vulcan had to be considerably extended and remodelled at the very time when these ships were building, and thus work was interrupted and impeded. Still in the long run the Vulcan Shipbuilding Company was greatly benefited by the great prestige which it gained by having secured and satisfactorily executed this very important order. With praiseworthy energy and perseverance the Vulcan Company continued to compete for the construction of fast steamers without over much regard to the financial risks which it had to run, and thus the Vulcan succeeded in 1888 in securing the contract for the first fast steamer *Augusta Victoria* from the Hamburg-American Line notwithstanding the severe competition from British yards. With the construction of that steamer the great German shipbuilding yard struck out a line of its own by introducing twin-screw propulsion for transatlantic liners. Two years later the Vulcan built the twin-screw steamer *Fürst Bismarck*, and the success achieved by these two twin-screw ocean flyers, which at the time were the fastest liners afloat, led in 1895 to the building of the celebrated fast liner *Kaiser Wilhelm der Grosse*. That enormous vessel was built within eighteen months, a shorter time than that required by any English yard, and its speed exceeded that of any ship afloat. The *Kaiser*

Wilhelm der Grosse was followed by the three great liners, *Deutschland*, *Kronprinz Wilhelm*, and *Kaiser Wilhelm II.*, all of which left far behind them the foremost British liners. Thus the Vulcan had brilliantly outstripped English competition in shipbuilding, which, until then, had been considered invincible, and since German shipbuilding has proved its excellence to the whole world by the building of these four ships, the reputation of the German shipbuilding industry has become of the highest.

The following figures show the astonishing development of the German shipbuilding industry since 1879, the year when Protection was introduced into Germany, and when the German shipbuilding industry was placed in a favoured position by being granted free imports of shipbuilding material and very low freight rates on the German railway, and since 1884, the year in which the Steamships' Subsidies Bill was passed :—

IRON AND STEEL SHIPPING BUILT IN GERMANY

1880	23,986	register	tons
1885	24,554	„	„
1890	100,597	„	„
1895	122,712	„	„
1900	235,171	„	„

The foregoing figures show that the yearly output of the German shipbuilding yards has grown no less than tenfold durin the fifteen years between 1885 and 1900. Twenty years ago German shipbuilding was practically non-existent. In the year 1906 Sir Charles Maclaren, M.P., presiding at the yearly meeting of Palmer's Shipbuilding and Iron Company held at Newcastle, said that Germany was now building

a greater tonnage than all the other Continental countries put together, and that her output during the current year would be a record. The foregoing facts and figures show that Germany's progress in shipbuilding is truly marvellous. It is doubly marvellous in view of her most disadvantageous geographical position, her comparatively poor natural resources, and her lack of experience in shipbuilding.

It is frequently asserted that Germany owes her industrial success to the fact that German business men are so anxious to obtain orders that they are willing to work for nothing or almost for nothing, that Germany obtains only those industrial orders which Englishmen find unprofitable or not sufficiently profitable. This view, which is very widely held in this country, is quite unjustified. In fact, as money is dearer in Germany than it is in this country, industrial profits, generally speaking, have to be much larger in Germany than here. As regards the German shipbuilding industry the following figures will tell their own tale:—

CAPITAL OF IRON SHIPBUILDING YARDS

	Marks.
1870	4,800,000
1880	15,300,000
1890	36,100,000
1900	66,000,000

From the foregoing statement it appears that the capital invested in the German shipbuilding yards has grown at an almost incredible rate of speed during the thirty years under review. Now let us look into the earnings of the so rapidly increased capital.

TOTAL AND AVERAGE DIVIDENDS EARNED BY ALL SHIPBUILDING YARDS ON ORDINARY STOCK

	Marks.	
1880	450,000	7.94 per cent.
1882	1,035,056	9.93 „
1884	1,266,100	12.15 „
1886	145,800	1.15 „
1888	858,150	6.57 „
1890	1,757,500	8.15 „
1892	1,831,100	6.08 „
1894	1,514,900	4.98 „
1896	1,914,500	5.55 „
1898	2,958,080	7.89 „
1900	4,503,500	10.05 „

The foregoing table shows that the profit of the German shipbuilding yards is very large and rapidly growing, notwithstanding the great increase of the capital invested in that industry, and the percentage earned on the whole capital of the shipbuilding industry is particularly satisfactory if we remember that some over-capitalised, badly managed or unfortunate yards have naturally severely lowered the average rate of profit. How greatly the development of the German shipbuilding industry has benefited labour may be seen from the following figures which give the number of hands in the four principal shipbuilding yards:—

HANDS EMPLOYED IN PRINCIPAL GERMAN SHIPBUILDING YARDS

	1880.	1890.	1899.
Schichau	1200	3,000	5,820
Vulcan	2200	4,507	6,628
Howaldt	400	1,304	2,370
Blohm and Voss	450	2,051	4,649
Total	4250	10,862	19,467

These figures show that some of the most powerful German shipbuilding yards of the present time were

quite insignificant twenty years ago, and that the number of men employed in the four principal yards increased almost fivefold within twenty years.

By the wise, far-seeing, determined, and appropriate action of the State, which has been described in the foregoing, has the German shipbuilding and shipping industry been artificially established, fostered, and developed until it has grown from a weak and artificial industry—Adam Smith would have contemptuously called it a hot-house industry—into a powerful, healthy, and natural industry which is now able to maintain itself in free competition without State support against all comers. The astonishing success of the German shipbuilding industry is due partly to its excellent management and organisation, partly to the application of science and experience to industry, partly to the courage and perseverance of the directors of the Vulcan and of other undertakings, partly to the harmonious co-ordination and co-operation of the various economic factors which in more individualistic countries, such as Great Britain, are not co-ordinated, and often serve rather to obstruct and to retard progress by unnecessary friction than to provide it by harmonious action.

In the *Jahrbuch für Deutschland's See Interessen für* 1905 we read:—

"Our shipbuilders have executed large orders for foreign countries and mean to compete in the future still more energetically with British builders for foreign orders. Our shipping industry means to compete not only in the protected coastal trade of Germany and in German harbours, but on foreign routes also and with all nations. But that can be done only if our shipbuilders are able to build cheaply. If Germany should try to build up her shipping trade by means of

State bounties and subsidies Germany would benefit little, and an international struggle of the purse, ruinous to all people alike, would begin between the various States until the struggle would at last be ended by a mutual agreement to abolish such bounties and subsidies as was the case with the Sugar Bounties."

"For the shipping trade and for shipbuilding Great Britain is Germany's chief competitor, but, although Great Britain is in many respects, especially by the proximity of coal and iron to the shipyards, more favourably situated than is Germany, we neutralise these natural advantages by a more thorough technical training, by a better organisation, and by co-operation both in the shipping trade and in shipbuilding."

The foregoing extract is in the first place most instructive and most valuable because it shows that the German shipping and shipbuilding industries mean to stand on their own feet. Secondly and principally, this extract should be most interesting to all Englishmen because it shows that the Germans feel confident that the superior organisation of their industries and their co-operation will prove stronger in the struggle for success than the unparalleled advantages for shipbuilding and shipping which this country enjoys. For these reasons the passage which affirms that organisation and co-operation are more valuable than are Great Britain's most favourable geographical position and structure and her incomparable latent resources might fitly be written in letters of gold on the walls of our House of Parliament, and of the offices of our manufacturers and merchants.

Let us now see what industrial organisation and industrial co-operation has done for the German shipbuilding industry, for such an investigation will convey an invaluable lesson to this country.

The strong man can stand alone; the weak must stand together to protect themselves against the strong. The industrial weakness of Germany has proved the cause of the strength of present Germany, for the weakness of the individual German industries competing hopelessly and helplessly against this country twenty and thirty years ago led to the formation first of combinations for mutual support, and eventually to the formation of those gigantic German trusts which have been formed not so much in order to rob the German consumer, as is often rashly asserted, as in order to protect the German producer and to kill the non-German producer. For these reasons her trusts have on the whole been a blessing to Germany.

American trusts and British combinations, such as the American meat ring, the British railway ring, the British shipping ring, and certain of our large limited companies, are unfortunately mostly formed with the object of either levying extortionate charges from the public or of depriving ignorant investors of their money by means of a financial coup. In Germany the leading idea in the formation of industrial trusts and combinations is not to secure an undue advantage to a few wirepullers by the unscrupulous use of force grown out of monopoly, but to secure a legitimate advantage to a number of domestic producers by a wise combination of the productive forces.

The German trusts and limited companies devote themselves rather to promoting industries than to exploiting the public, not because German business men are more virtuous than are British or American business men, but because the State keeps a very sharp eye on company promoters, directors, and managers, and unsparingly applies hard labour to those who contravene the very strict German Com-

pany Law which has been devised to shelter the public and to teach the promoter that honesty is the best policy. Our company laws have, unfortunately, the opposite effect. They shelter the swindling promoters and directors, and leave the ignorant public an easy prey to unscrupulous exploiters. Hence many people with brains in this country prefer making money by swindling to honest industry, whilst similar individuals in Germany find it more profitable and less risky to adopt an honest and useful productive occupation.

The introduction of Protection in 1879 immediately led to the formation of numerous large combinations in the German iron industry. The various works gradually formed co-operating groups in order to eliminate unnecessary and mutually destructive competition, to regulate prices, to buy and sell collectively, to eliminate unnecessary middlemen, &c. According to Dr. Voelcker there were in 1903 forty-four conventions, trusts, and syndicates in the German iron industry. However, the multitude of these combinations deprived co-operation in the German iron industry of much of its usefulness. The contrast between these numerous combinations in the iron industry and the gigantic German coal trust which embraces practically the whole coal-mining industry of Germany was too glaring to be allowed to remain, and in the beginning of 1904 a gigantic steel trust, embracing all Germany, was founded.

At the time when the huge German steel trust was formed, the German shipbuilders had already been in the habit of buying their material, not from the individual makers in retail fashion, but through the representatives of the various combinations. Therefore the central management of these combinations

was able to effect very great economies in the production of metal wares used in shipbuilding by introducing a wisely organised specialisation and division of labour among the numerous works belonging to the combine. For instance, the different plates used in German shipbuilding, about 150 in number, require special rollers, and in endeavouring to produce every kind, or at least many kinds, of steel plates, the various rolling-mills had not only to incur an enormous capital expenditure in laying down a huge plant, but the working expenses of the rolling-mills were necessarily made unduly heavy because a large part of their plant was unoccupied during part of the year. This unnecessary and exceedingly wasteful multiplication of plant was done away with by specialisation based on mutual agreement which gave to every work a proportionate number of specialities, and thus individual mills were enabled to produce with a smaller and constantly occupied plant larger quantities of uniform ship steel at a cheaper price than hitherto and at a larger profit to themselves. In this way judicious industrial combination may benefit both consumers and producers, and trusts are by no means an unmixed evil as so many believe.

Not only the German steel producers, but the German shipbuilders also have formed a large combination. The Society of German Shipyards at Berlin comprises no less than forty-two individual yards, and thus the whole of the German shipbuilding industry is in a position to meet the whole of the German steel industry in one room, and the two combinations can, through their representatives, amicably arrange matters between themselves to their mutual satisfaction. Both combinations wish to prosper and both are interested in the prosperity of the other. Thus,

instead of suicidal petty rivalry and endless wrangling between innumerable small concerns and a host of agents and other useless but expensive middlemen, we find in Germany the curious spectacle that two of the most powerful industries are united and meet one another in a spirit not of commercial rivalry, of envy, and of secret or open hostility, but in friendly and loyal co-operation.

Owing to this co-operation and this systematic specialisation and division of labour, the saving of unnecessary labour could still further be developed. The shipyards have been taught by the steel-makers how they can save trouble and expense to the steel industry by adapting their requirements to the condition of the steel-works and making work easy for them. On the other hand the steel-makers have learned from the shipbuilders how best to cater for the shipyards, and how best to adapt themselves most effectively to the requirements of the German shipbuilding industry. Thus the two great industries work hand in hand like a single concern, and friction, expense, and correspondence between buyer and seller have been reduced to a minimum by a wonderful simplification of business. A shipbuilder who requires steel plates or columns of a certain kind had formerly to make inquiries at a large number of works before being able to place his order, and when he had made the most careful inquiry and studied the market, he could not be quite sure that he would receive exactly what he wanted at the cheapest price and in the shortest time from the work which he had selected. Now his task has been made easier. The shipbuilder can obtain all the information which he requires at the central office of the steel combination, which distributes all orders in such a way as to ensure that

they are most economically and most rapidly executed according to the standard specification. Through this arrangement the "science of buying" is no longer a science, and the convenience of being able to place orders rapidly on the most favourable terms and without much inquiry, and of being absolutely certain that the articles ordered will be exactly in accordance with the shipbuilder's requirements, and that they will be delivered at the right time, has caused German shipbuilders to order their material in Germany, even if they are offered the identical goods at a lower price by a well-known British maker. This is one of the chief reasons why during the last few years British steel has almost ceased to be used in German shipbuilding, as appears from the following table:—

STEEL USED IN GERMAN SHIPBUILDING

	Ships' Plates.		Other Ships' Steel.	
	Of German Origin. Tons.	Of Foreign Origin. Tons.	Of German Origin. Tons.	Of Foreign Origin. Tons.
1899 . . .	71,948	26,928	36,515	12,766
1900 . . .	70,806	21,734	31,418	11,076
1901 . . .	94,478	8,397	49,325	4,530
1902 . . .	98,776	6,428	48,381	2,653
1903 . . .	92,521	1,631	43,492	1,107

The foregoing figures show that the German shipbuilding industry has almost completely eliminated foreign steel largely owing to the highly developed organisation and co-operation of the German steelworks described in the foregoing. This elimination of foreign steel, which means British steel, from the German shipbuilding industry is all the more remarkable as the German shipbuilding industries work for all practical purposes under Free Trade conditions.

At the same time it must not be thought that British steel cannot compete with German steel on equal terms, for the terms of competition are not equal in Germany. Firstly, much of the steel consumed by the German shipbuilders is "dumped" steel, sold at, or under, cost price by German makers who do not wish to depress prices in the home market; secondly, the German steel which is sold at natural prices is carried at a merely nominal charge, possibly at a loss, by the German railway companies to the sea coast. Thus the German shipbuilding industry secures the advantages of both Protection and Free Trade.

Since the creation of the German Empire the fleet of German merchant steamships has increased more than twenty-fold, as the following figures show—

1871	81,994 tons
1881	215,758 „
1891	723,652 „
1901	1,347,875 „
1908	2,256,783 „

The foregoing figures do not by any means give the whole tale of the progress of Germany's mercantile marine. In former times, when Germany was poor, she possessed chiefly second-hand and second-rate ships, but at present Germany boasts of the four largest and swiftest liners afloat, and she has besides proportionately by far the largest number of very large and new ships among maritime nations. The German mercantile marine is at present more up to date than is the shipping of this country. The strength of the shipping of Great Britain lies in its "tramp" steamers, which one might describe as the costermongers and pedlars of the sea; the strength of the shipping of Germany lies in its huge passenger and cargo boats. In this country small shipping com-

panies are most conspicuous; in Germany huge shipping companies are most noticeable. The tonnage of the two largest German shipping companies is twice larger than is that of the two largest British shipping companies, and the individual German ships possessed by the Nord Deutsche-Lloyd and the Hamburg-Amerikanische Packetfahrt Aktien Gesellschaft are larger, quicker, newer and better than the corresponding British ships.

Bismarck's policy of fostering and promoting the German shipping trade has energetically been continued by the present Emperor, who unceasingly aids the shipbuilding and shipping companies, partly by personal encouragement, partly by legislative and administrative action. Not only has the German Government done all in its power to assist the German shipping and shipbuilding industries, but it has, at the same time, done all that could be done in order to damage their foreign competitors. An example will show how assiduously, or one might perhaps say how unscrupulously, Germany aids her shipping industry. The German shipping companies do an enormous business in shipping emigrants. The two leading German companies, for instance, carry every year between 200,000 and 300,000 passengers, of whom the majority are emigrants. Germany herself has practically no emigration, as only about 30,000 emigrants leave Germany every year. Consequently the German shipping companies endeavour to attract emigrants from Austria-Hungary and Russia to the German ports. In order to "induce" Austrian and Russian emigrants to patronise the German steamship lines, arrangements devised to secure that end were made by the German Government at the Austrian and Russian frontiers. So-called control stations for

emigrants were erected in Germany through which all foreign emigrants had to pass ostensibly in order to be medically examined, but if these emigrants were not in the possession of tickets issued by one of the German steamship lines they were told that they were not allowed to proceed to the German harbour of embarkation. Emigrants who were in the possession of a railway ticket to Bremen and of a ticket issued by the Cunard Company or some other British line were ruthlessly turned back unless they bought a ticket for passage on one of the German lines from an agent at the control station. By this high-handed proceeding the German companies secured practically the whole emigrant traffic from Austria-Hungary and Russia, because it became known in those countries among intending emigrants that they could not emigrate *vid* Germany unless they went by a German line of steamships. This arbitrary treatment of intending emigrants was one of the reasons, and I think the principal reason, why during 1904 a rate war broke out between the Cunard Company and the great German lines. Evidently the German Government uses every means in its power to assist its shipping industry,

If we now sum up the contents of the foregoing pages it is perfectly clear that Germany seems to be destined by nature "to be, and always to remain, a land power," as Mr. Cobden might have said, owing to the fact that her coal and iron mines and her manufacturing industies lie hundreds of miles inland in the centre and in the South of Germany and that her coast is almost harbourless. However, notwithstanding the most disadvantageous natural conditions for shipbuilding and shipping which can be imagined, and notwithstanding the former disinclination of German

business men to embark upon shipbuilding and shipping, the German Government has succeeded, at a comparatively trifling cost to the nation, in overcoming all the apparently insurmountable obstacles and in artificially creating a powerful, successful, and wealth-creating new industry which is now the pride of Germany and the envy of many nations.

Individualism unaided is often powerless to develop new industries against a mighty and experienced foreign competitor, and Government aid is wasted unless Governmental initiative is backed by strenuous individual exertion. Clearly recognising the disadvantages of weak and unaided individualism, and of unsupported Governmental initiative and indiscriminate Governmental aid, the German Government has known how to stimulate private enterprise into action without making it effete and teaching it to rely entirely on the State as private enterprise so often does when it is aided by the State in an injudicious manner. The German Government has known how to combine successfully the two most powerful factors, Governmentalism and Individualism.

The foregoing pages also show that the German Government shapes its economic policy not in accordance with the rigid views of professors of political economy and of other more or less scientific doctrinaires. It follows neither a rigid policy of Protection nor an uncompromising doctrine of Free Trade, but applies Protection and Free Trade in varying doses according to the requirements of the individual case. It does not condemn trusts as being bad in themselves, and does not try to oppose them by a Conspiracy Bill as is done in the United States, nor does it unconditionally support them. Its economic

policy is not "scientific," but is deliberately unscientific and empirical.

German statesmen do not believe that bookish professors in their study have the capacity to guide the practical business interests of the nation. Therefore German statesmen adapt their action to circumstances, and they are guided in their action not by German economic scientists, but by practical business men whom they consult. These are the reasons which have brought it about that Germany has succeeded in developing a great, prosperous, and successful shipping and shipbuilding industry, notwithstanding the greatest obstacles. Not Protection but a sweeping and generalising economic policy, which has been dictated in those countries by generalising, unpractical doctrinaires and by the will of an impetuous and ignorant populace which has been led by a popular cry, has killed the shipping trade of the United States and of France. Both a popular policy and a "thoroughly scientific" policy are, as a rule, inferior to a practical, an empiric policy, although the latter is as a rule condemned by its professorial opponents as unscientific and although it has often the misfortune of being unpopular.

CHAPTER XX

THE CHEMICAL INDUSTRIES

THE chemical industry is perhaps the youngest, but certainly the most vigorous and the most successful, industry of Germany. Whilst all other German industries have been fostered by the most scientific and the most skilfully-framed protective tariff which the world has known, and have marvellously developed, largely owing to that protective tariff, the German chemical industry has achieved its commanding and world-wide success practically without any fiscal aid. Consequently it is most interesting to follow the triumphant progress of this industry, to investigate the causes owing to which it has so wonderfully prospered, and to consider the economic consequences which the commanding position of the German chemical industry has for Germany and for other countries.

Every one knows nowadays that the German chemical industry has been extremely successful, but few people are aware that Germany has obtained almost the world-monopoly in some of the most important branches of chemical production. Many chemical preparations that are universally used are exclusively of German manufacture, and about four-fifths of the dyes consumed in the world are made in Germany.

How very important the chemical industry is to Germany may be seen from the fact that the yearly output of that industry amounted in 1897, according

to a most careful official investigation, to £47,895,000. At present the production of the German chemical industry should represent a value of about £60,000,000, whilst the export of all chemical products amounts to considerably more than £20,000,000 per annum. The chemical industry is therefore one of Germany's most important industries. It takes the fifth place among the great exporting industries of that country, and it supplies exactly 9 per cent. of the German exports.

The meteoric development of the German chemical industry during the last twenty-five years may be seen from the fact that the production of soda rose from 42,000 tons in 1878 to about 400,000 tons at the present time, whilst the production of sulphuric acid increased from 112,000 tons in 1878 to 857,000 tons in 1901. The foregoing figures may be considered representative of the progress of the German chemical industry. This enormous progress has not been effected spasmodically, but by a gradual, continuous, and natural, though rapid, growth of production for the home market and for export, as may be seen from the following table :—

IMPORTS INTO AND EXPORTS FROM GERMANY OF MANUFACTURED CHEMICAL PRODUCTS

	Imports	Exports	Excess of Exports over Imports
1889 . . .	£5,330,000	£11,335,000	£6,005,000
1890 . . .	5,595,000	12,155,000	6,560,000
1891 . . .	4,980,000	12,285,000	7,305,000
1892 . . .	5,485,000	12,745,000	7,260,000
1893 . . .	5,465,000	13,260,000	7,795,000
1894 . . .	5,345,000	13,440,000	8,095,000
1895 . . .	5,545,000	15,850,000	10,305,000
1896 . . .	5,760,000	16,220,000	10,460,000
1897 . . .	5,485,000	16,750,000	11,265,000
1898 . . .	5,230,000	16,960,000	11,730,000
1899 . . .	5,440,000	18,270,000	12,830,000
1900 . . .	5,650,000	18,620,000	12,970,000
1901 . . .	5,535,000	18,115,000	12,580,000
1902 . . .	5,560,000	19,300,000	13,840,000

If we look through the foregoing table, we find that during the last fourteen years the imports of chemical manufactures into Germany have remained stationary, whilst the exports of chemical manufactures from that country have almost doubled during that time. The excess of exports over imports has considerably more than doubled during the period under review. The manufactured chemicals imported consisted largely of exotic products, such as natural indigo, extract of meat, camphor, &c. A table showing the imports and exports of chemical raw products will be given later on.

In order to show the direction in which the German chemical industry has developed, so as to give a view of its scope and character, it is worth while to look at the exports of some of the more important chemical manufactures in detail.

EXPORTS OF PRINCIPAL CHEMICAL MANUFACTURES

	Antipyrin, Antifebrin, &c.	Alizarine	Aniline and other Dyes made from Coal Tar	Oil of Aniline
1895	£310,000	£580,000	£3,160,000	£340,000
1896	255,000	535,000	3,245,000	500,000
1897	215,000	620,000	3,350,000	575,000
1898	240,000	845,000	3,600,000	680,000
1899	235,000	565,000	3,745,000	585,000
1900	240,000	560,000	3,865,000	570,000
1901	315,000	810,000	3,980,000	600,000
1902	500,000	805,000	4,465,000	735,000

	Quinine, &c.	Cyanide of Potassium	Indigo
1895	£295,000	£180,000	£410,000
1896	295,000	80,000	320,000
1897	465,000	105,000	240,000
1898	330,000	195,000	380,000
1899	400,000	165,000	390,000
1900	415,000	130,000	465,000
1901	410,000	185,000	635,000
1902	420,000	275,000	925,000

In passing, it might be mentioned that Germany produces more than 20,000 tons of alizarine, and more than 40,000 tons of other dyes per annum, and that she has no competitors in the production of alizarine.

The chemical industry is for various reasons of national importance to Germany. Though it employs much unskilled labour, the industry is so prosperous that it pays very good wages considering the character of the work done. Hence strikes are of extremely rare occurrence in the prosperous chemical works. At present about 170,000 workmen and women are employed in that industry, and they receive in wages between nine and ten million pounds sterling per annum. The following table conveys a clear idea of the interest of German labour in the chemical industry :—

EMPLOYMENT AND WAGES IN CHEMICAL INDUSTRIES

	Hands employed	Total wages	Wages per head per annum
1882	71,777	?	?
1894	110,348	£4,981,000	£44.5
1895	114,587	5,173,000	44.14
1896	124,219	5,686,000	45.8
1897	129,827	6,045,000	46.2
1898	135,350	6,482,000	47.8
1899	143,119	6,978,000	48.15
1900	153,011	7,746,000	50.12
1901	156,488	7,996,000	51.2
1902	165,889	7,983,000	48.12
1906	202,177	10,545,000	52.20

The constant growth of the German chemical industry has allowed not only of a yearly and considerable increase of the labour employed, but also of a yearly increase of the average wages. Only the acute depression of 1902 has caused a temporary set back in wages. Thus certain and satisfactory employment at, on the whole constantly, rising wages has been provided for a very large number of workers.

The national importance of the German chemical industry lies not only in the employment which it gives to the wage-earning masses engaged in it, but also in the great direct and indirect benefits which other industries derive from it. Chemical research is no longer confined to purely chemical ends in Germany, for the chemist has most successfully applied his science to agriculture and to the manufacturing industries, and many German industries owe their greatness to the assistance which they have received from trained chemists. The beneficial effect of chemical research applied to other industries is most clearly visible in German agriculture, and the result of the studies and experiments which the chemist has carried on in his laboratory is also universally applied in practice by the peasants and the landed proprietors. This may be seen from the fact that Germany produced only 9500 tons of manure salts in 1884, and in 1901 she produced no less than 147,169 tons of manure salts, and nearly the whole was consumed in the country. How rapidly and enormously the use of potash salts (K_2O) has increased in German agriculture may be seen from the following table, which will also show the use which other nations make of these salts :—

POTASH SALTS USED IN AGRICULTURE PER SQUARE KILOMETRE

	1895	1896	1897	1898	1899	1900	1901
			Kilogrammes				
Germany	171.0	214.8	254.8	273.9	306.0	334.4	391.9
United States	24.1	27.0	33.1	36.7	36.1	47.3	54.0
Belgium	136.0	126.6	133.6	146.9	159.0	170.3	297.7
Holland	125.3	146.1	201.7	248.1	296.8	350.3	461.9
England	—	—	46.2	56.5	58.6	58.7	61.5
Scotland	—	—	100.9	120.9	175.4	228.7	254.6
Sweden	145.0	163.9	196.8	218.8	197.5	234.9	266.6
Denmark	32.7	42.0	40.4	53.9	51.7	66.3	98.0

Germany produces on an average about 20,000,000 tons of beet sugar and molasses per annum, which represent a value of more than £20,000,000. The success of Germany's enormous sugar industry is directly due to the German chemist, without whom beet sugar would be unable to compete with cane sugar. Formerly the percentage of sugar which was extracted from the beet was so small that it could be produced only at a loss in free competition with cane sugar; but the German chemists have succeeded in increasing the percentage of sugar extracted from year to year to such an extent that beet sugar can now be obtained in formerly unthought-of proportions and at formerly unthought-of prices. The influence of the chemist on the German sugar industry is clearly traceable from the following figures :—

QUANTITY AND PERCENTAGE OF SUGAR EXTRACTED FROM BEET

1840–50 . . .	8,822 tons	5.72 per cent.
1846–50 . . .	35,709 ,,	7.22 ,,
1856–60 . . .	128,141 ,,	8.17 ,,
1866–70 . . .	210,915 ,,	8.30 ,,
1876–80 . . .	418,010 ,,	8.93 ,,
1886–90 . . .	1,110,703 ,,	12.73 ,,
1899 . . .	1,664,677 ,,	13.00 ,,
1900–1 . . .	1,970,000 ,,	14.93 ,,
1905–6 . . .	2,400,771 ,,	15.27 ,,

The few figures given in the foregoing will make it clear that the great and increasing prosperity of German agriculture is not only due to the protective tariff and the protective effect of the freight policy pursued by the German railways, but also to the invaluable assistance which German chemists have given to the agriculturists.

Other industries have similarly benefited by the application of chemical science, and many prominent manufacturers, bankers, and landowners send their

sons to the Universities and technical High Schools to study chemistry, so that they should be able to avail themselves of the assistance of that science in practical life.

The enormous national importance of a prosperous chemical industry lies not only in the invaluable assistance which that industry can give to nearly all other industries, but also in the unthought-of resources which it will create almost out of nothing. A century ago Great Britain's wealthy sugar colonies were the envy of the world, and sugar-planters laughed at the idea of producing sugar from beet. To-day the West Indian sugar-planters are ruined, and Germany produces the " tropical product " on a scale never dreamt of. Since 1890 Germany produces artificial musk at Mulhouse, natural vanilla is being replaced by chemical vanilline, Japanese camphor by synthetic camphor, and chemically-produced sugar is being replaced by saccharine. The extraction of dyes from madder root and from various other plants has ceased, and vegetable dyes have given place to dyes made from tar. At present natural indigo is being crushed out of existence by the synthetic indigo produced by German chemists. How the rise of artificial indigo has affected the former indigo monopoly of India may be clearly seen from the following figures :—

	Acreage under Indigo in India	Value of Exports of Indigo Tens of Rupees
1894–5 . . .	1,705,977 acres	4,745,915
1895–6 . . .	1,569,869 ,,	5,354,511
1896–7 . . .	1,583,808 ,,	4,370,757
1897–8 . . .	1,366,513 ,,	3,057,402
1898–9 . . .	1,013,627 ,,	2,970,478
1899–1900 . . .	1,046,434 ,,	£1,795,007
1900–1 . . .	977,349 ,,	£1,423,987
1901–2 . . .	792,179 ,,	£1,234,837
1905–6 . . .	400,552 ,,	390,918

INDIGO IMPORTED TO GREAT BRITAIN

1895	£1,392,534
1896	1,533,722
1897	1,470,574
1898	890,803
1899	986,090
1900	542,089
1901	788,820
1902	498,043
1907	151,297

The facts and figures given make it clear that many a "natural monopoly" which is at present possessed by countries which control the tropics is threatened, and may be taken away from them by the discoveries of the chemists. There is no bound to the possibilities of chemistry, though prejudice always asserts for a time that the natural product is superior to the chemical one. Formerly it was said that cane sugar was superior to chemical sugar. Now it appears that there is practically no difference between the two. Thirty years ago dealers in madder root declared the existence of a method for making chemically alizarine dyes a fable. When the practicability of the method was proved to them they asserted that chemical alizarine was inferior in quality. Yet artificial alizarine has replaced the natural product. At present we are told by producers of natural indigo that the natural dye is superior to the artificial one, whilst chemists maintain that both are equally good. At any rate, the artificial product is by far the cheaper, and the fatal effect of its production on the natural dye is visible from the figures given in the foregoing table. So much is certain that the Badische Anilin und Soda Fabrik has the utmost confidence in the success of artificial indigo, as may be seen from the fact that this company has spent

no less than £900,000 in cash on a gigantic installation for supplying the world's requirements of indigo. The effect of the discovery of making artificial indigo on Germany may be seen from the following figures :—

	Imports of Indigo into Germany	Exports of Indigo from Germany
1895	£1,075,000	£410,000
1896	1,055,000	320,000
1897	635,000	240,000
1898	415,000	380,000
1899	415,000	390,000
1900	205,000	465,000
1901	215,000	635,000
1902	185,000	925,000
1903	90,000	1,035,000
1904	67,000	1,083,000
1907	54,000	2,129,000

A few years ago Germany was dependent for the indigo she used on India, and imported on balance indigo of the value of £600,000 and more per annum. Now Germany has completely reversed the balance, and in 1907 she exported £2,075,000 more indigo than she imported. Thus the natural resources of a naturally wealthy country may be taken away from it without bloodshed by the able chemists of another country. The possession of a strong chemical industry is therefore of the utmost economic importance to all progressive countries. This importance was clearly recognised by Prince Bismarck, who remarked in 1894: "Peace is being maintained less owing to the peaceful disposition of all Governments than owing to the ability of chemists in inventing new kinds of powder. . . . It sounds almost like irony, but it is the truth that the chemist is keeping the swords in their scabbards, and that he decides by his inventions whether there will be peace or war."

We have seen the economic importance of the chemical industry, and we have followed its marvellous

developments on German soil. Now let us inquire as to the reasons why German chemistry has been so successful.

The commanding position of Germany's chemical industry is in no way due to nature's bounty, for Germany is by no means particularly fitted for developing a great chemical industry owing to the possession of the raw products required. On the contrary, she is largely dependent on foreign nations for the supply of chemical raw products, which she works up into chemical manufactures, as is conclusively proved by the following table :—

IMPORTS INTO AND EXPORTS FROM GERMANY OF CHEMICAL RAW PRODUCTS

	Imports	Exports	Excess of Imports over Exports
1889	£8,040,000	£1,620,000	£6,420,000
1890	7,495,000	1,625,000	5,870,000
1891	8,250,000	1,605,000	6,645,000
1892	7,825,000	1,555,000	6,270,000
1893	8,190,000	1,695,000	6,495,000
1894	8,230,000	1,790,000	6,440,000
1895	8,445,000	1,860,000	6,585,000
1896	8,450,000	1,815,000	6,635,000
1897	8,770,000	1,855,000	6,915,000
1898	8,830,000	1,930,000	6,900,000
1899	10,375,000	2,220,000	8,155,000
1900	10,920,000	2,260,000	8,660,000
1901	11,045,000	2,270,000	8,775,000
1902	10,585,000	2,220,000	8,365,000

These figures establish the fact that Germany imports five times more chemical raw products than she exports, and that the dependence of her chemical industry on foreign raw products is rapidly increasing. Therefore it is clear that Germany's success is not due to the fortuitous possession of the first matter.

The great success of Germany's chemical industry

may be traced to the simultaneous action of the following causes :—

1. The natural disposition and aptitude of the individual German for close, patient, persevering, and painstaking work and study.

2. The munificent and enlightened assistance and encouragement given by the German Governments to the study of chemistry in all its branches regardless of expense and regardless of immediate profitable returns.

3. The spirit of combination and the absence of jealousy among chemical scientists and manufacturers, whereby scientific co-operation on the largest scale has been made possible.

How these three factors have combined in making the German chemical industry great is known to all who are acquainted with that industry, for chemical talent of the highest order flourishes rather in France and Great Britain than in Germany. The German chemists owe their successes rather to methodical combination and united plodding than to the inventive genius of individuals, for many of the most important chemical inventions were made outside Germany, though they were most successfully exploited by the German industries.

In the beginning of the nineteenth century Great Britain and France were the leading nations in the chemical industries and in chemical research. The chemical production of aniline dyes was discovered in 1855 by Mr. W. H. Perkin. Notwithstanding the English discovery, nearly the whole of the aniline dyes used are made in Germany, and by the irony of fate they are largely made of English coal tar. A small export duty on coal tar would probably have the effect of transferring a large part of the chemical industry of Germany to these shores.

Evidently a great chemical inventor is of little practical use to a country unless his inventions can be utilised to the fullest extent by a large body of chemical manufacturers and chemists. Otherwise his great discoveries will only benefit that country where an apparatus exists for making use of them. At present Great Britain and France possess perhaps the foremost chemists. Yet the discoveries of these men will chiefly, and perhaps only, benefit the powerful German industries with which neither the French nor the British industries can compete on terms of equality.

The individual German has a great natural aptitude for patient sedentary work. At an age when English boys will romp or pursue various outdoor sports, German boys will be found poring over books and making fretwork. Owing to this disposition towards concentration and close application, Germans may be found in all countries as watchmakers, opticians, &c.

For these reasons a leaning towards chemistry had been prevalent in Germany already in the Dark Ages. Albertus Magnus, of Cologne, was the greatest chemist of the thirteenth century, and Theophrastus Bombastus von Hohenheim (better known under the name of Paracelsus) the greatest chemist of the sixteenth century. In the Middle Ages the capitals and university towns of the various German States were the favourite haunts of the alchemists, who spread the desire for chemical learning far and wide. Many of them were swindlers, but many were guided by the spirit of research, and not a few valuable discoveries were made by these men. Brandt, for instance, discovered phosphorus; Kunkel, ruby glass, &c.

The German apothecaries have never been, and are not now, *more Anglicano*, shopkeepers who sell

pills and patent medicines, and who vend the productions of "manufacturing chemists." Patent medicines hardly exist in Germany, and are on the whole forbidden on account of the great harm that is often done to the community by unscrupulous manufacturing quacks. For these reasons the German apothecaries had to be, and are now, manufacturing and analytical chemists on a small scale, and in their daily work they made many valuable discoveries. Besides, chemistry is with many German apothecaries a hobby which is pursued with love, and many boys become apothecaries merely because of their natural inclination towards patient investigation and research. Thus it has come to pass that many important chemical works have had their beginning in tiny apothecaries' laboratories, and many leading chemists were at one time apothecaries' assistants.

When Justus von Liebig, the greatest German chemist, was at school, the importance of chemistry was not yet understood. At the German Universities there existed neither adequate facilities for the study of chemistry, nor were there any public laboratories in existence. Liebig's greatest service to his country lay not so much in his fruitful investigations and numerous discoveries—which, by the way, chiefly benefited Great Britain and France, for these countries then possessed fully developed chemical industries—as in the organisation of chemical study and research on a broad national basis. Owing to his exertions the first University laboratory, that of Giessen, was created in 1825; and he strove less to advance chemical science by his personal research than to train a large number of pupils, in order to spread his methods far and wide. His example was faithfully copied by his numerous assistants, and many of the most prominent

German chemists living have been initiated into that science by the pupils of Liebig. Thus the spirit of Liebig is still active at the present day, and the seed which Liebig planted has brought forth the magnificent harvest that is now yearly garnered by the German chemical industry.

The German Governments were won over to the cause of chemistry by Liebig's agitation and by his numerous popular writings. Therefore assistance came speedily forward from all quarters of Germany. The laboratory of the University of Marburg was opened in 1840, that of the University of Leipzig in 1843, and from that time onward laboratory followed labo atory, and the various German Governments spent money without stint for the advancement of chemistry. They did not listen to the doctrines of *laissez-faire*, which were much in vogue in Germany in the forties. They neither waited for individual enterprise and private munificence to come forward, nor did they inquire too closely whether an immediate profit could be secured by encouraging chemistry by substantial grants. They simply were convinced that the encouragement of chemistry might be beneficial to the nation, and considered it their duty to spend a little of the money of the nation on a promising experiment, and refused to reject the legitimate demands of the scientists on the grounds that it was not the business to the State to exercise foresight, and that the initiative for all progress should be left to private enterprise.

In consequence of the enlightened policy of the German Governments, there is now a huge army of trained chemists in existence, and that army grows in number and importance from year to year. In 1900 there were more than 7000 German chemists

counted who had been trained at the Universities and Technical and High Schools. They were distributed as follows :—

German analytical chemists in Germany . .	4,300
German analytical chemists abroad	1,000
University professors, lecturers, and assistants	400
Chemists in State employment	100
Private chemists	400
Apothecaries	300
Various	750
Total	7,250

Twenty-five years ago there were only 1700 trained chemists employed in the chemical works of Germany. Their increase from 1700 to 4300 is the most eloquent testimony to the progress of the industry and to the progress of chemical investigation in Germany.

Unfortunately, no reliable statistics can be given with regard to the students of chemistry enrolled at the Universities and technical High Schools. However, it may be assumed that the number of chemical students has grown at least *pari passu* with the number of students in which we find the following truly remarkable increase :—

STUDENTS AT THE GERMAN UNIVERSITIES, THE TECHNICAL, AGRICULTURAL, AND VETERINARY HIGH SCHOOLS, AND THE MINING AND FORESTRY ACADEMIES

	Number of Students.	Proportion of Students to 10,000 male inhabitants
1870	17,761	8.89
1881	26,032	11.73
1892	33,992	13.87
1900	46,520	16.78

This progress is most remarkable, and shows the vigour

with which science is pursued and applied to industry in every direction.

In former times a chemical factory was frequently founded on some excellent receipts, the secret of which was most jealously guarded by the fortunate owner. But nowadays it is impossible to maintain a monopoly either by keeping a process secret or by the protection of patents. Chemical science has so greatly advanced that the same ultimate end may be arrived at by a great variety of processes. Consequently neither a secret process nor any number of patents will insure the continued success of a chemical factory which stands still scientifically. A chemical factory can maintain its position only if it remains, by constant research and constant improvement, in the very forefront of scientific excellence. Success can only be won and maintained by the strenuous and constant research of chemists of the highest ability, by constant progress and the introduction of improved methods. This is all the more necessary as the prices for chemicals have been falling for many years, and will apparently continue to fall.

Formerly it was possible to make industrially valuable discoveries in a somewhat haphazard fashion by individual and unconnected experiments, and the results arrived at could be utilised through several generations. But through the teaching of Liebig and his disciples a new era has begun in chemical research. Individual planless effort has made way for systematic, strictly logical, and exhaustive research of many chemists under leaders of standing; and the problem to be solved is patiently pursued in every direction by the combined forces of chemistry until the final aim is arrived at. Every success, every progress, every discovery, should become common property, and

should become the starting point for further and greater successes. In the laboratories of the German Universities and of the great chemical works thousands of highly-trained chemists co-operate thus as systematically as workmen in a factory, and the work that is dropped by one chemist who falls out on the way is carried on by another. Thus the army of German chemists have continued their advance, and the astonishing success of the German chemical industry has been brought about.

Combination is the watchword not only in the laboratories, but also in the counting-houses of the chemical factories. In no German industry is there a larger proportion of mammoth enterprises. The Badische Anilin und Sodafabrik, in Ludwigshafen, has about 7000 workmen, and the Farbenfabriken vormals Friedr. Bayer & Co., in Elberfeld, and the Farbwerke vormals Meister, Lucius & Brüning, in Höchst, each employ more than 4000 hands. Besides, each of these works constantly maintains a staff of about 150 trained chemists.

The great individual works are combined in groups for the regulation of prices in Germany and abroad. Germany abounds in trusts (Kartelle), and these combinations are proportionately particularly numerous in the chemical industry. According to an inquiry made in the beginning of 1902 there were then in Germany 220 industrial trusts, thirty of which belonged to the great chemical group. These trusts have proved a blessing to the chemical industry of Germany, but they have, by dumping, done much damage to foreign chemical industries, which they have stifled, and have thus assisted in creating the present world-monopoly of the German chemical industry.

If we review the growth and the achievements of

the German chemical industry, we cannot wonder that the American Consul, in Berlin, reported in 1900 to his Government: "The German exhibit at the Paris Exposition is conceded on all hands to have been—especially in the departments of machinery, chemicals, and all that relates to the application of science to industry—a triumphant vindication of German methods and a display which alone would establish the right of the Fatherland to a place in the front rank of industrial and commercial nations."

Of late much has been said and written in Great Britain as to the advantages of education and on the application of science to industry. However, many, perhaps most, people who uphold education and the application of science to industry have only a dim idea how education and science may help our industries. British education appears to suffer from two very great evils, which are unfortunately recognised by only very few people.

In the first place our higher education is more ornamental than useful, more literary than practical, and does not fit men for the battle of life—*vide* Oxford and Cambridge.

In the second place, education is considered and treated almost solely as a means to pass an examination, not as a preparation for practical life, and tends therefore rather to exercise the retentive power, the memory, in the individual, than to strengthen his intelligence, his judgment, and his critical faculties. In other words, the influence of the crammer upon education is more noticeable than that of the practical man. Education is more for show than for use.

In the application of science to industry the crying necessity of combination seems hardly to be recognised. Every British chemist is an island. The

average work accomplished by the average British chemist is probably greater than that of his German competitor, for the Englishman puts more energy into his work, and works more quickly. Yet, though some of the greatest chemists living are Englishmen, our chemical industries are languishing owing to the lack of organised and co-ordinated effort.

Altogether it seems that the use of education and of science is not yet fully grasped by the nation. The various Governments appear to be interested only in the elementary schools, which will hardly contribute much to the scientific and industrial advancement of the nation, whilst wealthy individuals give and bequeath much money for charitable purposes, and but little for the advancement of true science. Thus science is starved to death. Amateurs and leaders of society, who frequently do not grasp the ends towards which science should be directed, have a commanding influence over the institutions where science should be taught. Truly the scientific and the industrial part of the nation can learn much from the rise of the chemical industry of Germany.

CHAPTER XXI

THE FISCAL POLICY OF GERMANY AND ITS RESULT

DURING the recent discussion of our fiscal policy, Germany's economic success under a protective régime has so frequently been quoted, and has so often been quoted with insufficient knowledge of the facts of the case, that it would seem worth while to look somewhat closely into the economic history of Germany, into the economic policy which she has pursued and is still pursuing, and into the economic ideas which prevail in that country. By doing so we shall be able to understand clearly the principles on which her fiscal policy is based, we shall see how economic problems similar to our own have presented themselves to another nation, and how they have been solved, and we shall thus be able to consider our own problem in the light of German experience.

The close of the Napoleonic wars left Germany devastated, impoverished, and exhausted; her commerce and her industries were destroyed. While the whole Continent had been ravaged and ruined by incessant wars and hostile invasions, British industries had flourished and prospered in internal peace. The official value of the exports of British and Irish produce had risen from £18,556,891 in 1798 to no less than £42,875,996 in 1815, or by more than 130 per cent., and our shipping had grown from 1,632,112 tons in 1798 to 2,601,276 tons in 1815, or by 60 per cent. After the Napoleonic wars the Continent re-

mained utterly exhausted for a long time; its industries were shattered, its wealth had disappeared, and during the slow progress of its recuperation Great Britain conquered the commerce and industries of the world, and the exports of her produce rapidly rose from £42,875,996 in 1815 to no less than £134,599,116 in 1845, according to official value, while our shipping increased from 2,601,276 tons in 1815 to 6,045,718 tons in 1845. The foregoing figures are taken from the old official records.

Thus it came that, towards the middle of last century, Great Britain was the merchant, manufacturer, carrier, banker, and engineer of the world, and ruled supreme in the realm of business. Two-thirds of the world's shipping flew the British flag, two-thirds of the coal produced in the world was British; Great Britain had more miles of railway than the whole Continent, and produced more cotton goods and more iron than all the countries of the world together. Her coal mines were considered inexhaustible, and the coal possessed by other nations was believed to be of such inferior quality as to be almost useless for manufacturing purposes. Great Britain had therefore practically the manufacturing monopoly of the world, and the great German economist Friedrich List wrote with perfect truth in his *Zollvereinsblatt:* "England is a world in itself, a world which is superior to the whole rest of the world in power and wealth."

Our economists and many of our merchants then thought that our economic position was so overwhelmingly strong and so unassailable, that it would be impossible for other nations either to compete with us in neutral markets or to protect their own manufactures against the invasion of our industries

by protective tariffs. They believed that Great Britain's industrial power was stronger than all tariff walls. During the reign of these intoxicating ideas of Great Britain's irresistible economic power, Cobden proclaimed that "Great Britain is, and always will be, the workshop of the world"; Great Britain threw away her fiscal weapons of defence, opened her doors wide to all nations, and introduced Free Trade.

While Great Britain was the undisputed mistress of the world's trade, industry, finance, and shipping, Germany was a poor agricultural country. She had been impoverished by her constant wars; she had neither colonies nor good coal, nor shipping, nor even a rich soil or a climate favourable to agriculture. She was divided into a number of petty States which were jealous of one another, and which hampered one another's progress. Communications in the interior were bad, and her internal trade was obstructed and undeveloped. Besides she was burdened by militarism, and she possessed but one good harbour. According to the forecast of the British free traders, Germany was predestined always to remain a poor agricultural country, exactly as Great Britain was predestined always to remain a rich industrial nation.

At that time arose in Germany Friedrich List, a writer on political economy and a convinced believer in Protection. He had travelled and seen the world, and had lived a long time in England and the United States. Consequently he spoke with greater practical knowledge on international affairs than do the majority of political economists. His principal work, "The National System of Political Economy," was published in 1840, and created some stir at the time of its appearance. Like Cobden's doctrine of Free Trade, List's system of national Protection was hailed

with enthusiasm by the business men of his country, but viewed by the German Governments with suspicion and dislike. Embittered and disappointed by the lack of official appreciation and by the persecution of the German Governments, List shot himself in 1846. After his death his system rapidly became as authoritative for German economic policy as was the system of Adam Smith for this country, and it became, and is still, the text-book of the German statesman. Consequently it will be interesting to consider some of List's more important views.

At the time when Friedrich List wrote, Great Britain was wealthy and powerful, while Germany was poor and weak. Consequently List endeavoured to show how Great Britain had become so wealthy, and how Germany might also acquire wealth by profiting from Great Britain's example. After investigating the economic history of this country and the causes of its wealth, he summed up the result of his inquiry as follows :—

"The English, by a system of restrictions, privileges, and encouragements, have succeeded in transplanting on to their native soil the wealth, the talents, and the spirit of enterprise of foreigners. This policy was pursued with greater or lesser, with speedier or more tardy, success just in proportion as the measures adopted were more or less judiciously adapted to the object in view, and applied and pursued with more or less energy and perseverance.

"It is true that for the increase in her power and in her productive capacity England is indebted not solely to her commercial restrictions, to her protective laws, and to her commercial treaties, but in a large measure also to her conquests in science and in the arts.

"How comes it that in these days one million of English operatives can perform the work of hundreds of millions? It comes from the great demand for manufactured goods which by her wise and energetic policy England has created in foreign lands, and especially in her Colonies; from the

wise and powerful protection extended to her home industries ; from the great rewards which by means of her patent laws she has offered to every new discovery ; and from the extraordinary facility for inland transport afforded by her public roads, canals, and railways.

"England has for a long time monopolised the inventive genius of every nation. It is no more than fair that England, now that she has attained the culminating point of her industrial growth and progress, should restore again to the nations of Continental Europe a portion of those productive forces which she originally derived from them."

From these facts List draws the logical conclusion and applies it to Germany. He says :—

"Modern Germany, lacking a system of vigorous and united commercial policy, exposed in her home markets to competition with a foreign manufacturing power in every way superior to her own, while excluded at the same time from foreign markets by arbitrary and often capricious restrictions, is very far indeed from making that progress in industry to which she is entitled by the degrees of her culture. She cannot even maintain her previously acquired position, and is made a convenience of by that very nation, until at last the German States have resolved to secure their home markets for their own industries by the adoption of a united vigorous system of commercial policy.

"We venture to assert that on the development of the German protective system depend the existence, the independence, and the future of German nationality. Only in the soil of general prosperity does the national spirit strike its roots and produce fine blossoms and rich fruits. Only from the unity of material interests does unity of purpose arise, and from both of these national power."

The position of disunited Germany in 1840 strangely resembles the position of the scattered British Empire of to-day, and if we insert in the last two paragraphs quoted the world "British Empire" for "Germany" List's words might easily be attributed to Mr. Chamberlain.

By a curious coincidence List wrote at the same

time in Germany when Cobden and his disciples preached their gospel in Great Britain, and the British free traders, who with their universal theory and their cosmopolitan views simply ignored the existence of nations, naturally did not like to see a pronouncedly national system of political economy arise that was absolutely opposed to Free Trade cosmopolitanism. Consequently List's book was vigorously attacked by Free Traders throughout Great Britain. The *Edinburgh Review* devoted, in July 1842, an article of no less than forty-two pages to that book, in which we find expressions of contempt such as "a pretended system," "his poor misconception of the doctrines which he tries to brand with the nickname of cosmopolitan economy," "his treatise is unworthy of notice," "unworthy of grave criticism," &c. The writer of that article did, however, not confine himself to abuse, but proved to his own satisfaction that, whereas England was, and ever would remain, the workshop of the world, Germany was, and ever would remain, a poor agricultural country, and that all attempts to build up industries in Germany under the shelter of Protection were misdirected and would prove of no avail. The writer says :—

"The manufactures in which our author exults are an evil to Germany. The labour and capital which that country has expended upon them have been forced from more profitable employments."

The *Edinburgh Review* sapiently concludes :—

"In Continental countries they naturally reason thus: 'England has protected her manufactures—England is rich; if we protect our manufactures we shall be as rich as she is.' They forget that England has unrivalled natural capacities for manufacturing and commercial industry, and that no country with capacities distinctly inferior can ascend to an equal prosperity by any policy whatever."

The tone of conscious superiority and the confident prediction as to England's everlasting industrial supremacy, and as to the hopeless case of the protectionist countries, which were characteristic for all our Free Traders, seem somewhat out of place in the light of subsequent events.

We have now heard the voice of the English and of the German prophet of sixty years ago. Since that time Germany has had about half a century of almost uninterrupted Protection, and Great Britain has had about half a century of almost uninterrupted Free Trade. Germany, which was then a country without experience in industry, finance, commerce, and shipping, without capital, without colonies, without good coal, with only one good harbour, a country weighed down by militarism, convulsed by three great wars and a revolution, and, according to Free Trade doctrines, kept back by Protection, has nevertheless become so wealthy and powerful that she competes with us in all markets and presses us hard even in our home market, that she has the swiftest ships on the ocean, that she is paramount in some of the most important industries, and that she can even afford to emulate Great Britain's fleet after having created for herself the strongest army in the world.

She has been able to introduce an immense scheme of workmen's insurance against accident and old age, under which German workmen have received £255,000,000 between 1885 and 1905, a scheme which, as we are told, Great Britain cannot afford; and she is calmly contemplating and preparing herself for a tariff war against this country and the United States while our free traders, who still speak of the economic paramountcy of this country, confess that they tremble at the thought that a change in our fiscal

policy might lead to friction with other countries. Our free traders who formerly so loudly spoke of the irresistible commercial and industrial power of Great Britain, have become humble indeed, and they tell us now that a slight tax on corn would create widespread misery and starvation in this country, while the German masses are able to stand a high duty not only on bread stuffs, but on all articles of food without exception. Truly the relative position of Germany and Great Britain has changed during the last half-century!

Germany's progress under Protection has been steady, continuous, and rapid. Between 1850 and 1900 Germany's production of iron has risen sixty-fold, her consumption of cotton twenty-fold, and her savings banks deposits sixty-fold. Her population has about three times the amount of savings in the savings banks which is to be found in the British savings banks. Fifty years ago the average wages of British workmen were, according to List, 18s. a week, or four times higher than the average wages of the German workman. Now German wages and British wages are almost equally high in many instances, and German wages have risen four-fold in many trades. Considering that living is much cheaper in Germany than here, the German workman is much better off than the British workman. From a poor debtor country, Germany has become a rich creditor country. Formerly she had to borrow money in foreign countries and on onerous terms; in 1897–8 German capital invested abroad was officially estimated at about £1,000,000,000, giving an average yearly yield of about £60,000,000. Such progress is more than rapid, it is marvellous for a naturally poor country; and when we compare that

rapid progress with Great Britain's vaunted progress under the reign of Free Trade the latter would perhaps be more correctly described as stagnation, if not as retrogression.

In view of Germany's triumphant economic progress, the economic policy and the economic views of Germany should be of the greatest interest to the British statesman and the British public.

Free Trade has never had much influence in Germany, and that is only natural, for Free Trade has never flourished in a struggling country. Free Trade is an excellent policy for industries of irresistible strength. When the producer feels assured that he can always easily sell his produce, he can afford to devote his whole attention to the interests of the consumer. Therefore it comes that those parts which are so greatly favoured by nature that they feel assured of a free market for their produce are always in favour of Free Trade, while struggling industrial parts are always in favour of Protection. In France the Gironde, with its matchless wines, is in favour of Free Trade, and the great Free Trader Bastiat hailed from that district. In the United States the cotton belt and the wheat districts are for Free Trade, while the industrial parts are for Protection. In Germany, where neither nature nor art had given to any industry an overwhelming power, the idea of Free Trade has never taken hold of the country or of any part of it. Jhering, the greatest German jurist of his time, expressed very happily the ideas of the leading circles in Germany on Free Trade when he wittily said: "It is a matter of course that the wolves demand freedom of action for themselves, but if the sheep raise the same demand it only proves that they are sheep." The demand for Free Trade

arose in Great Britain from the cotton industry, and List was not slow in pointing out the real cause of that demand. In his weekly paper, the *Zollvereinsblatt*, he drew attention to the fact that England was then practically the only cotton manufacturer in the world, that the British cotton industry was by far the most powerful exporting industry in the world, and that the demand of the British cotton manufacturers for Free Trade was as natural as it was for the other countries to resist that demand.

A certain number of Free Traders existed in Germany, such as Prince-Smith, Wiss, Ascher, Michaelis, Wirth, Hübner, Soetbeer, Braun, Bamberger, Böhmert, Emminghaus, Lammers, Meyer, Eras, Wolff, and others. These men were mostly professors, journalists, and authors, and were therefore never considered in their country as the spokesmen of the productive industries. It is interesting to note that the chief representative of Free Trade and the man who introduced Free Trade into Germany was Prince-Smith, an Englishman, and by profession an author. In merchant and banking circles, especially in Hamburg, Free Trade found naturally more support, for the purely distributive business of the merchant and the banker is greatly hampered by irksome and often vexatious customs regulations. Besides it is immaterial to merchants and bankers whether they trade in foreign goods and bills or in domestic ones, and unless patriotism is stronger than business instinct these two classes always incline to Free Trade. In consideration of these circumstances their pleadings were ignored, and the German Government made up its mind to look chiefly after the interests of the productive industries, which were considered to be the only basis of a nation's wealth.

Bismarck, when referring in the Reichstag to the German Free Traders, significantly said: "They do not sow, neither do they spin—nevertheless they are clothed and fed"; and he delighted in describing them as people who pore all day long in their study over books and papers, and who are perfectly unacquainted with practical life. His practical mind observed that the men who in later years directed the commercial policy of Great Britain were clergymen, like Adam Smith, Malthus, and the elder Mill, that Ricardo was a stockbroker, that Cobden went bankrupt, that Bright was a cotton manufacturer, and therefore personally interested in the establishment of Free Trade, and that Villiers was a lawyer. In private conversation his derision of these men knew no bounds. Nevertheless his standing instructions were that his unflattering remarks on these men and on "Professor" Gladstone should not get into the papers.

According to Bismarck's opinion Free Trade in England was a most excellent thing—for Germany—and he did not like to see that happy state of affairs altered. Therefore he wished neither to see the Free Traders of Great Britain, whose rule was such a blessing to his country, attacked by the German press nor Great Britain's belief in the panacea of Free Trade shaken. Nevertheless when the German Free Traders became too loud in their praise of British Free Trade, of which they had no practical knowledge, he had a pamphlet written on the Cobden Club by Lothar Bucher, his confidential assistant, in which he declared, "The Manchester Free Trade agitation is the most colossal and the most audacious campaign of political and economic deception which the world has ever seen."

While some of the minor political economists of Germany were Free Traders, Wilhelm Roscher, Germany's greatest political economist, considered Free Trade as an impracticable and unattainable ideal. He said with regard to Free Trade :—

"When the feeling that all mankind constitutes one family has abolished all political boundaries, and when universal righteousness and love have killed all national ambitions and jealousies, differences between nations will become of rare occurrence. However, arguments presupposing such a state of affairs are not admissible before it has been clearly proved that such ideal conditions exist. It is so improbable that such an ideal state will ever be created, and universal 'philanthropy' is something so suspicious, the people are so unable to develop except when they constitute a nation, that I should look at the disappearance of national jealousies with concern. Nothing contributed more to the subjection of Greece by Macedon and Rome than the cosmopolitanism of Greek philosophers."

Professor von Treitschke, the eminent historian, condemned Free Trade from the historian's point of view. He wrote in his "Politik" :—

"We have found it to be an erroneous idea that Protection is only necessary for young industries. Old industries, too, require protection against foreign competition. In this respect ancient Italy teaches us a terrible lesson. If protective tariffs against Asiatic and African bread stuffs had been introduced in time, the old Italian peasantry would have been preserved and the social conditions of Italy would have remained healthy. But Roman traders could import cheap grain from Africa without hindrance, the rural industries decayed, the rural population disappeared, and the Campagna, which surrounds the capital, became a vast desert."

Professor Mommsen expresses the same view in his "Römische Geschichte."

One of the youngest political economists, Mr. Victor Leo, a rising man who has represented the

German Government on more than one occasion, says in "The Tendencies of the World's Commerce":—

"Protective tariffs must continue, and a moderate increase of them cannot be considered as a misfortune. In practice it is not possible simply to drop entire industries because similar industries can produce more cheaply somewhere else. From the point of view of the *world* economist it is correct to insist on a division of labour which gives to every nation those industries for which it is most adapted; from the point of view of the *national* economist the disadvantages resulting from such a policy would be greater than the advantage to the consumer of being able to buy the article in question at a cheaper price."

The belief that Free Trade presupposes a universal brotherhood among the nations, and is therefore impracticable, is general in Germany. Therefore it comes that we read in the article "Free Trade" in "Brockhaus's Encyclopedia," which faithfully reflects the mind of the nation:—

"As long as mankind is divided into autonomous States possessing individual institutions, no State must expose itself to the danger, which is not only an economic but also a political and social danger, that home production should lose its independence by over-powerful foreign competition. . . . A weaker State, if it wishes to preserve an independent existence, is absolutely justified in safeguarding its imperfect means of production against foreign competition by Protection."

In spite of the almost universal opposition to Free Trade we find that Protection has not been elevated to a dogma in Germany, as Free Trade has been in this country. Protection is considered merely as a policy in Germany, which is well adapted to the requirements of the present time, but which, like every policy, is subject to revision and reconsideration in altered circumstances. Professor Schmoller, the

distinguished lecturer at the Berlin University, says :—

"Protection and Free Trade are for me not principles, but remedies for the political and economic organism which are prescribed according to the state of the nation. A doctor who would say that he prescribed on principle to every patient *restringentia* or *laxantia* would be considered insane. However, that is the idea both of the extreme Free Trader and of the extreme Protectionist."

Professor Biermer wrote, using a similar metaphor :—

"Protection and Free Trade, rightly considered, are not questions of principle, but only remedies of political and economic therapeutics which, according to the state of the patient, have to be prescribed sometimes in big and sometimes in small doses."

Professor Roscher believed strongly in Protection and in customs unions. He wrote :—

"The greater the extent of a territory protected by tariffs, the sooner will active competition spring up within its frontiers. Foreign markets are always uncertain. Hence all customs unions between related States are to be recommended, not only as financially, but also as economically advantageous."

The uncertainty of foreign markets and the danger to a nation which has become dependent for its very existence on foreign markets and on foreign goodwill have become a matter of the greatest concern to the statesmen and political economists of Germany. Therefore we find in that country a feverish anxiety in political circles to acquire colonial possessions and to found a Central European Customs Union, while the political economists loudly warn the country against a state of affairs in which Germany may become economically dependent on foreign nations and in which the prosperity and the very life of the

country may be made the sport of its enemies. Professor Oldenberg, comparing economic Germany to a huge building, said :—

"When our home industries work for exportation and live on foreign countries by exchanging their produce for foreign food, the huge industrial structure of Germany branches sideways into the air and is made to rest on pillars of trade which are erected on foreign ground. But those pillars, which support our very existence, will remain standing only for so long as it pleases the owner of the ground. Some day, when he wishes to use his own land, he cuts off the pillars of our existence from under us and thus breaks down the building which we have reared on them."

Another economist, Mr. Paul Voigt, shares the misgivings of Professor Oldenberg. He writes :—

"The loss of our export trade would bring starvation to the masses of German workers, and compel them to emigrate and to beg before the doors of foreign nations for work and for food. The collapse of our export trade would be the most terrible catastrophe in German history and would rank with the Thirty Years' War as a calamity. It would wipe out the German nation from the great nations of the world and might end its political existence."

The latter views have been expressed but a few years ago.

The cotton famine in Lancashire, the constantly growing dependence of Great Britain on foreign food and raw material, the numerous "corners" in grain and cotton under which our country has suffered so much owing to the conspiracies of foreign monopolists, and the certainty that the other nations would corner our supplies at the outbreak of a great war in which we might be engaged, and that the British masses would then be starving, have made a deep and lasting impression in Germany. Therefore Germany wishes to act with foresight, and tries to take her precautions in time.

Before 1879 there was a period of moderate Free Trade in Germany, and German industries were acutely suffering for years. At last Bismarck intervened, and inaugurated in that year a strongly protective policy, and since then Germany's prosperity has grown by leaps and bounds. Up to the early eighties Germany was only known as the provider of inferior goods, which were usually clumsy imitations of English goods. The "Made in Germany" stamp was enforced largely, in order to check that abuse. But since that time Germany has conquered the markets of the world with products of the highest excellence, and every English newspaper-reader has become familiarised with German liners, Krupp armour, Siemens steel, Mauser rifles, Zeiss field-glasses, and German electrical and chemical products of the highest class, which have supplanted British products.

There have always been many Free Traders in the German Reichstag, as that assembly is largely composed of professional men and of men belonging to the leisured class who are consumers, not producers, who can easily understand the "consumers' argument," but who are out of touch with the producers of their country. Consequently, Bismarck's proposal for Protection met with considerable opposition from the parliamentarians and from the bankers and merchants. Agriculture and the manufacturing industries enthusiastically supported him. It must be interesting for Englishmen of all classes to follow Bismarck's arguments in favour of Protection. In his speech of the 2nd of May 1879, in which he introduced his protective policy, he said :—

"I do not mean to discuss Protection and Free Trade in the abstract. . . . We have opened wide the doors of our State to the imports of foreign countries, and we have become

the dumping-ground for the over-production of all those countries. Germany being swamped by the surplus production of foreign nations, prices have been depressed, and the development of all our industries and our entire economic position has suffered in consequence. If the danger of Protection were as great as we are told by enthusiastic free traders, France would have been impoverished long ago, for she has had Protection since the time of Colbert, and she should have been ruined long ago, owing to the theories which have guided her economic policy.

"After my opinion, we are slowly bleeding to death owing to insufficient Protection. This process has been arrested for a time by the five milliards which we have received from France after the war; otherwise we should have been compelled already five years ago to take those steps which we are taking to-day.

"We demand a moderate Protection for German labour. Let us close our doors and erect some barriers in order to reserve to German industries at least the home market, in which German good nature is at present being exploited by the foreigner. The problem of a large export trade is always an extremely delicate one. No more new countries will be discovered; the world has been circumnavigated, and we can no longer find abroad new purchasers of importance to whom we can send our goods.

"In questions such as these I view scientific theories with the same doubt with which I regard the theories applied to other organic formations. Medical science, as contrasted with anatomy, has made little progress with regard to those parts which the eye cannot reach, and to-day the riddle of organic changes in the human body is as great as it was formerly. With regard to the organism of the State, it is the same thing. The dicta of abstract science do not influence me in the slightest. I base my opinion on the practical experience of the time in which we are living. I see that those countries which possess Protection are prospering, and that those countries which possess Free Trade are decaying. Mighty England, that powerful athlete, stepped out into the open market after she had strengthened her sinews, and said, Who will fight me? I am prepared to meet everybody. But England herself is slowly returning to Protection, and in some years she will take it up in order to save for herself at least the home market."

On the 14th of June 1882, Bismarck made again an important speech on Protection and Free Trade and said :—

"I believe the whole theory of Free Trade to be wrong. . . . England has abolished Protection after she had benefited by it to the fullest extent. That country used to have the strongest protective tariffs until it had become so powerful under their protection that it could step out of those barriers like a gigantic athlete and challenge the world. Free Trade is the weapon of the strongest nation, and England has become the strongest nation owing to her capital, her iron, her coal, and her harbours, and owing to her favourable geographical position. Nevertheless she protected herself against foreign competition with exorbitant protective tariffs until her industries have become so powerful."

It is interesting to observe that Bismarck predicted already twenty-six years ago that Great Britain would have to go back to Protection, "in order to secure for herself *at least the home market*," and that the demands for Protection which were advanced by List in 1840, and by Bismarck in 1879, were based on the same arguments as those on which Mr. Chamberlain based his demand for the reconsideration of our fiscal policy. German good nature was shut out of foreign markets by the arbitrary tariffs of foreign nations, which besides exploited, swamped, and spoiled her home market with their surplus production. It was necessary that she at least should reserve the home market for herself and create for herself a weapon which would make it possible for her to conclude advantageous commercial treaties.

The usual objections to protection were naturally raised by German Free Traders when Bismarck reintroduced Protection, and it was predicted in non-industrial circles that Protection would mean disaster

to German industries and especially to the German export trade. The industrial classes, which clamoured for Protection, were loftily declared to be so short-sighted as to favour a suicidal policy. Protection would benefit only a few capitalists at the cost of the whole people, and it would ruin Germany by customs wars with other nations. These objections were very effectively dealt with by the German political economists who favoured Protection. Professor Schmoller, for instance, said in 1879, in reply to the objection that commerce and exportation would suffer by a protective tariff :—

"Exports will certainly suffer in one or the other branch, but that is a point of minor consideration. At present the conditions of our export business are so bad that they can hardly become worse. Our export trade can only become better if we have commercial treaties and an autonomous tariff."

Arguments like that of Professor Schmoller caused the Society for Social Policy in Berlin to adopt the following resolution in favour of Protection :—

"Considering that our endeavours to conclude commercial treaties, which will open new markets to German industries, must prove unsuccessful in view of the present position of the world, and

"Considering that it will be necessary to increase some important duties in order to place the finances of the Empire on a firm basis,

"The Society for Social Policy declares itself in favour of a moderate fiscal reform in a commercio-political and protectionist direction by a tariff which is especially directed against those countries which are particularly harmful to German production."

This resolution might have come from the mouth of Mr. Chamberlain.

The protective duties which, according to the

German Free Traders, were to prove so ruinous to Germany have, as yet, not crushed the German industries. Though the receipts from customs duties have almost sextupled since 1879, having risen from 114,716,000 marks in 1879 to no less than 643,505,000 marks in 1906, the German industries have not only not been crushed by the tariff, but are most prosperous. This is particularly noticeable in Saxony, the Lancashire of Germany, the income of that country having risen from 959,222,000 marks in 1879 to 1,666,521,000 marks in 1894, and to 2,647,155,562 marks in 1907. Therefore it appears that the income of the German Lancashire has considerably more than trebled since Protection was reintroduced into Germany. It is also significant that Saxony, with 4,500,000 inhabitants, has more than £80,000,000 deposited in its savings bank—as much as have 12,500,000 Englishmen. Evidently Free Trade has not brought ruin to the Lancashire of Germany.

The beneficial effect of the protective tariff on German industries was immediate. On the 16th of March 1881, Mr. von Kardorff stated in the German Diet that 85,901 men were occupied in the German iron and steel industries in January 1879, and 98,224 men in January 1881. They received in wages 5,288,539 marks in 1879, against 6,459,694 marks in January 1881, which is equal to an increase of 50.28 marks per annum for every worker. Mr. Loewe, another member of the Diet, reported on the same date that in the important districts of Bochum and Dortmund wages had risen from five to fifteen per cent., but not only had wages risen but the men who some years ago had been only partly occupied were now fully occupied. Some had formerly been

working only three or four days a week. Other deputies gave similar reports. This rising tendency of wages has almost uninterruptedly continued from 1879, when Bismarck's protective tariff was inaugurated, down to the present time. The average daily wages at Krupp's, for instance, have risen from 3s. in 1879 to 5s. 1½d. in 1905.

Lately the German Government has again increased its protective duties. Again we heard the non-industrial croakers predicting the ruin of the German industries, and again we saw the manufacturers supporting Protection. The German Government has been putting up its duties not because the present Protection has proved disappointing. On the contrary, it has explicitly enumerated the great benefits which Protection has conferred upon Germany. In the preamble to the new Tariff Bill, Government summed up the results of the protective policy hitherto pursued. It said :—

"Strengthened by Protection our industries have been able to increase considerably their production, and have thereby afforded fuller employment and rising wages to the working classes. With the larger turnover the traffic on our railways, rivers, and canals has grown, and our merchant marine has experienced a considerable and constantly increasing expansion, and its freight services for foreign countries have been a source of great profit to Germany. At the same time the participation of German capital in foreign enterprises has increased. Emigration has very substantially diminished. The effect of the growing wealth of the nation may be seen by the visible progress in the conditions and in the life of the broad masses of the people, especially of the working men. The improvement in the standard of life may be seen in the larger proportion of taxpayers who pay taxes on intermediate incomes; from the improved yield of the income tax; from the growth of savings banks deposits; from the expansion of life insurances, and from the rising consumption of the more expensive articles of food. This

improvement is especially striking, as a considerably increased population has had to be provided for, the inhabitants having increased from 45,000,000 in 1880 to 56,000,000 in 1900."

The vast increase in the wealth of Germany has chiefly been derived from the home market, which is no longer swamped and depressed by foreign surplus products, and which has become extremely stable and profitable. The semi-official year-book "Nauticus" says in 1900, in an article on the foundations of the industrial prosperity in Germany :—

"To sum up: during the last two decades the industrial production of Germany has experienced an extraordinary increase. That increase has been caused less by the greater amount of our exports than by the growing importance of the home markets—that is to say, by the growing wealth of the German people."

How rapidly the wealth of Germany has grown and how wealthy Germany has become is so well known that it requires no further proof.

People in this country who are insufficiently acquainted with German affairs may often be heard speaking somewhat vaguely of the great evils of Protection in Germany, and they will repeat, what they have so often read in text-books on political economy, that those iniquitous trusts only flourish under the shelter of Protection. Now it is quite true that a large number of very powerful trusts exist in Germany, which are called "Kartelle" in that country, but nobody intimately acquainted with Germany will be prepared to condemn indiscriminately those 200 large combinations, the majority of which are distinctly beneficial and are kept under proper control, because some of them may have abused their power. The doctrine that trusts flourish only under Protection,

which doctrine has been invented by Free Traders, is considered a fallacy in Germany, and it is pointed out that the most powerful and the most harmful trusts in the world exist and flourish in the paradise of Free Trade and of free competition, in Great Britain. The traffic arrangements between British railways and the "Shipping Conferences," which have abolished nearly all competition, are considered in Germany as gigantic trusts, which are trusts in everything but in name, which exercise not only a tyranny over the people of this country, but which directly favour foreign nations at the expense of Great Britain by carrying their goods more cheaply than British goods, and which have therefore been the cause of ruin for many British industries and especially for British agriculture.

The German Government observes the development of huge trusts in Germany not only with a benevolent interest, but lends them its active assistance and encourages their formation, from which it may be seen that their activity is not considered an evil by the German Government. The German Government adopts this attitude chiefly because the activity of the German trusts outside Germany largely consists in undermining and ruining foreign industries by swamping them with surplus products which are sold below cost price and in thus ridding German industries of dangerous competitors. The way in which the German Sugar Trust has created a huge industry in Germany, and has ruined and killed the formerly so prosperous West Indian sugar industry by flooding England with cheap sugar, is the best known example of that policy. Many similar but less well known instances of the activity of these trusts might be quoted. Their oppression of the

consumer, of which we hear so often, seems chiefly to exist in the imagination of British Free Trade doctrinaires, for in Germany few complaints are heard with regard to these combinations.

We have now followed Germany's economic history for the last sixty years, and we have seen how Germany has prospered and developed, how correct have been the economic views of German political economists, and how eminently successful her statesmen have been in their fiscal policy. Consequently, it would seem interesting to hear what those men think of the economic position of Great Britain. Mr. Victor Leo wrote in "The Tendencies of the World's Commerce" with regard to Great Britain :—

"The constantly growing excess of imports over exports, which has now risen to £150,000,000 per annum, is difficult to provide for even for a creditor country like Great Britain without entrenching on her capital."

Mr. Paul Voigt said in "Germany and the World Market" :—

"British exports have developed far less favourably than German exports. British exportation has become completely stagnant since the seventies, fluctuating between £210,000,000 and £250,000,000, and being therefore now very little larger than German exports. In Great Britain the export industry *par excellence*, the textile industry, is in a particularly unfavourable condition. The adverse balance of British trade has grown continually from less than £50,000,000 in the sixties to more than £150,000,000 at the present time."

These two statements are characteristic for the very serious view which is generally taken in Germany with regard to our economic position, and in the best-informed German circles it is often asserted that Great Britain has for a long time been living on her capital. German statesmen and financiers find a

confirmation of this view in the low price of British Consols and of all British investment stocks ; in the fact that Great Britain used to possess huge quantities of Continental Government loans and other Continental investments, and of American railway stocks and bonds, and that she now holds hardly any of them ; that American and Continental trade used to be financed, and American and Continental property be mortgaged, in London, and that the trade of the world is no longer financed by this country. From these, and many other symptoms of similar portent, German observers conclude that Great Britain has paid for the huge excess of her imports over her exports by realising a large part of her foreign investments in real estate, stock exchange securities, &c., that the capital of Great Britain is constantly being drained away by foreign countries, and that this process cannot go on indefinitely.

Bismarck said in 1882 : " Free Trade is the weapon of the strongest." This argument appears to be irrefutable by logic and in the light of history. Great Britain is economically no longer the strongest among the nations of the world, but is, in proportion to other nations, rapidly getting poorer, and this fact alone should be of sufficient importance to make us consider our position and reconsider our fiscal policy.

CHAPTER XXII

WHY AND HOW BISMARCK INTRODUCED PROTECTION

THE following mostly confidential State Papers were written or dictated by Prince Bismarck, and illustrate clearly the genesis of the movement for Protection in Germany, which has many points of resemblance with the present movement for a reform of British fiscal policy. They show why and how Germany introduced Protection. Therefore they ought to be of the greatest interest and value to British Tariff Reformers.

Memorandum pro Memoria, the 13th of October 1875.

His Excellency Prince Bismarck is of opinion—which opinion he is inclined to express publicly, and the criticism of which he leaves to experts—that *nothing but reprisals* against their products will avail against those States which increase their duties to the harm of German exports. The objections raised against such steps in the name of political economy seem untenable for reasons of policy.

Extract from Despatch to Prince Hohenlohe, German Ambassador in Paris, March 1876.

We cannot disguise to ourselves that, if the existing system of export bounties in France (by means of *acquits-à-caution*) should continue we would be compelled to levy countervailing duties on French iron

similar in amount to the bounties given by the French Government.

Letter to Minister of State Hoffmann, the 27th of October 1876.

. . . I request your Excellency to make proposals to me how and in which way the Imperial authorities might be empowered to take measures in order to combat the abuse of secret bounties which are given by the French Government to the French industries.

With regard to this matter, we cannot remain dependent upon the good-will of foreign Governments, but require absolute guarantees which we can only find in our own institutions and in our own measures; for even if we should succeed in obtaining by diplomatic negotiations and by the threat of reprisals from the French Government assurances which would appear satisfactory on paper, the French customs authorities would nevertheless in practice always be able to favour the interest of French subjects at the cost of German trade. The administrative arbitrariness of the customs officials in France, which is connived at by the highest authorities in Paris, is too great to allow us to rely upon the French authorities for the protection of German interests.

The honesty and the greater clumsiness of our officials, together with the greater publicity under which our own administration has to work, puts us easily at a disadvantage in dealing with the astute and disciplined officials of foreign Governments. By "disciplined" I mean the greater obedience of foreign officials even to such instructions as are not publicly admitted, and their greater skill in twisting the sense of commercial stipulations in such a way that the

advantages are all on one side, tactics which we find in France not only among the customs authorities but also among the transporting and forwarding intermediaries.

I believe, therefore, that we must not conclude a new commercial treaty which in any way fetters our freedom of action in the sphere of tariffs.

Letter to Minister of State Hoffmann, the 17th of November 1876.

In the draft bill [1] received with your letter of the 15th of this month, Paragraph I., and especially Paragraph II., leave to us the burden of proof as to the actual export bounties which are granted by foreign Governments. It is within our power neither to determine the existence of such bounties nor to adduce legally valid proof as to their amount and extent. The determination of these bounties depends partly on scientific and partly on technical arguments, and on their applicability opinions may be divided.

In view of the lesser scrupulousness with which foreign Governments observe their treaty obligations, and in view of the greater facility with which the customs apparatus of foreign countries is made subservient to the Government for secret purposes *which are not avowed,* it is to be expected that we shall be

[1] The chief provisions of this draft bill were :

Paragraph I. Goods which are imported into Germany, and which receive an export bounty from another country, are, when introduced into Germany, liable to a countervailing duty which may be imposed by Imperial proclamation.

Paragraph II. The countervailing duty must not exceed the amount of the export bounty.

Paragraph III. Countervailing duties can be levied either upon the products of a certain country or upon all goods arriving from that country, without regard to their country of origin.

outwitted in all treaties which presuppose that the *bona fides* of foreign officials is equal to that of our own.

I do, therefore, not think it advisable for us to conclude commercial treaties which limit our freedom of action with regard to tariffs for the whole time for which such treaties are concluded. Only in freedom of action and in our determination to make use of that freedom of action to the fullest extent, shall we find protection against injuries inflicted upon us which we may recognise, but for which we cannot adduce legally valid proof.

Letter to Minister of Finance Camphausen, the 13th of February 1877.

. . . We should bear in mind that the German industries ought to be effectively protected against the injuries that are at present being inflicted upon them by the fiscal policy of foreign States. Therefore it should be our aim to secure for the exports of our home industries into foreign countries conditions at least as favourable as are the conditions which foreign countries enjoy in the German market. We have consequently not only to consider the duties which are levied on foreign frontiers and on our own, but also the export bounties which are granted in various countries, and which, I fear, are insufficient in the case of Germany and lower than those which are given by foreign countries.

Confidential Letter to all the German Governments, the 2nd of July 1878.

In view of the attitude of the German Diet during its last session towards the taxation proposals recently

made by the allied Governments, I think it desirable that the allied Governments should in time arrive at an agreement as to the financial policy of the future, in order to be able to submit proposals for a comprehensive programme of economic reform to the Diet during its next session.

The chief object of that reform should be the expansion of the Imperial revenues, which expansion has on all sides been considered necessary.

Consultation and agreement among the various Governments is required with regard to the following points :

(1) As to the degree to which the revenues must be increased.

(2) As to the objects on which taxation should be increased.

(3) As to the manner in which that higher taxation should be levied.

(4) As to the effect which the settlement of these three points will have upon our fiscal policy.

It appears recommendable that these questions should be discussed by way of confidential conversation between the allied Governments before formal legislation be entered upon. Consequently I take the liberty of submitting to the allied Governments the proposal that, as soon as possible, a conference of the competent ministers should take place.

For such a conference some days in the first half of August would appear to be a suitable time, and a town should be selected for it which is geographically most convenient to all the representatives of the various States. Heidelberg would perhaps be best situated and would be more suitable than Berlin.

In order to give the chief points which will be of interest for the conference I have the honour to

enclose for your confidential information several copies of a memorial[1] in which the questions mentioned are treated.

I take the liberty of asking your Government to let me know as soon as possible whether it would take part in such a conference, and whether my proposals as to time and place are convenient. In case your Government should assent to my proposal I should be glad to be furnished with the names of its representatives as soon as possible.

(The conference in Heidelberg took place between the 5th and 8th of August 1878, and led to an agreement in nearly all points with the proposals made by Prussia.)

Confidential Circular to all the Prussian Ambassadors accredited to the various German Courts, the 28th of October 1878.

I have the honour to send enclosed a copy of a proposal for a revision of our fiscal policy, which proposal has been advanced by the Prussian Ministry of State. I think that it would be desirable to have thereon the views of the allied Governments.

You will therefore communicate in confidence the contents of the enclosure to the Government to which you are accredited, and ask in my name for an expression of its views on that question.

At the same time you will direct the attention of the Government to which you are accredited to the following: The policy of fostering individual industries by protective tariff (for reasons apart from financial considerations) is a policy which is permanently or

[1] The text of the memorial alluded to is not obtainable, but it was probably identical with the next document.

temporarily pursued by all Governments. The opposition which that policy usually finds amongst those producers who are not protected is directed principally against the privileges which individual protected industries are supposed to obtain at the cost of all other industries.

To such opposition a protective system will not be exposed which levies duties on *all* merchandise [1] which passes our frontiers from abroad and which treats all produce alike, subjecting all without exception to *ad valorem* duties.

Prompted by the justified pursuit of German national interest, the whole of the German production would receive a more favourable treatment in the home market than would be granted to foreign production.

According to my opinion, such a system has the following advantages :

(1) The financial results of an *ad valorem* duty would be very considerable.

(2) Such duties would not be oppressive in any direction, as they would affect all classes equally. As every producer in the Empire is at the same time a consumer of the products of other industries, the advantages and disadvantages caused by such a tariff would be balanced and would be more equally distributed than if duties were imposed upon a limited number of particular products.

Only a small minority of the population is non-producing and lives on a settled income, on fixed salaries, professional fees, &c. This fact increases to

[1] Prince Bismarck amended this statement later on by declaring that foreign raw products which are required for manufacturing purposes, and which cannot be produced in Germany, would either not be taxed at all or would be taxed according to requirement.

a considerable degree the difficulties which are in the way of the introduction of such a tariff. These difficulties are especially great, as the majority of our legislators in Parliament, and of our permanent officials, belong to that minority. However, the justified claims of our officials can always be satisfied by increasing their salaries if prices should really advance after an increase in the customs duties has taken place. At all events it does not seem likely that a considerable rise in prices will occur.

(3) The duties raised on foreign imports will either not be borne by the home consumer at all or such duties will be borne by him to a small extent only. These duties will diminish the profit which the foreign producer has hitherto made from us, and will perhaps also affect the profit of the middleman.

By the fact that foreign countries always show the greatest concern if another country desires to increase its duties, it can be seen that such customs duties are to a very large extent borne by the foreign producer and not by the consumer. If the home consumer should really have to bear the weight of increased duties, such an increase would leave the foreign producer indifferent. However, that is not the case, for the gain of the foreign importer is diminished either by the whole amount of the duty or by part of it. Under a system of protective tariffs the Empire will, therefore, derive part of its income from foreign countries.

(4) The cost of the customs apparatus will not be much increased, as the customs arrangements already existing have to be maintained in any case, and they will probably prove sufficient for dealing with the additional goods subject to duties.

So far I have not made proposals in any direction

with regard to the considerations enumerated above. The purpose of this letter is to ascertain how far it is advisable for the Imperial Chancellor to proceed officially, in which way he should proceed, and how far such proposals would be favourably received.

You will, therefore, bring about a confidential expression of views on the part of the Government to which you are accredited and notify to me the result of your conversation.

Enclosure referred to in the previous Letter.

The financial, economic, and political conditions which have determined the direction of our fiscal policy have materially altered in the course of the last years.

The financial position of the Empire and of the single States requires an increase of the revenues. During the confidential conversations which took place last summer in Heidelberg with regard to fiscal reform the conviction was unanimously expressed that the system of indirect taxation should be further developed.

Besides the present state of the German industries and the tendency to increase the protection of home production against foreign competition, which has become apparent in our great neighbour States and in America, have made it necessary to inquire carefully whether it would not be desirable to reserve the German home market also, to a greater extent than heretofore, to the national industries. By taking these steps, the growth of our home production would be encouraged, and at the same time material for future negotiations would be created, provided with which we might try later on in which way and how

far the customs barriers of foreign countries, which at present damage our exporting industries, might be removed for the benefit of our industries by new commercial treaties.

The results of an inquiry into the position of the iron, cotton, and woollen industries which is being conducted will supply us with useful material for answering the question whether an increase of our import duties or their reintroduction will be conducive to the welfare of those industries.

Preliminary investigations have already been made, and papers will be placed before a committee of the council which will be appointed for the object of changing the customs tariff in such a way that in the first place the present disproportion between import duties on manufactured goods and on raw produce will disappear, and that in the second place the protection of our various industries against foreign competition will be increased. However, the introduction of higher duties than those contemplated is in no way excluded. . . .

In order to solve the questions alluded to as quickly as possible and to end the present oppressive uncertainty with regard to the future course of our fiscal policy, which weighs on all our industries, it seems necessary to nominate a special commission for utilising the material which already exists and which has been collected by the inquiries already made in order to prepare the revision of our customs tariff.

The duty of the commission would be to examine the whole of the tariff, and it should be composed partly of officials of the Empire and partly of officials of the most important individual States. The number of its members should not be too small in view of the scope of the task. The working out of questions of

detail should be left to smaller sub-commissions which could be formed from the larger commission. It is also recommendable to empower the commission and the sub-commission to call and examine experts or to call for written opinions and statements through the various authorities.

(On the 12th of November 1878, a copy of this document was sent to the Federal Council, and on the 12th of December a commission was appointed which received Bismarck's views and instructions by his letter of the 15th of December, which is printed below.)

Reply to Objections made by German Governments with regard to the proposed Alterations in the Tariff, end of November 1878.

. . . The proposal to impose duties on our imports may be viewed with suspicion by consumers, and chiefly by those consumers who live on their assured income free from care. But the means of those people also will give out if they do not make up their mind to consider the position of the *producing* part of the population. If the producing part of the population is impoverished the whole State is impoverished. . . . Who after all is to carry the whole burden of the State ? The producer alone ? *Consumers are all.*

Memorandum to Federal Council, the 15th of December 1878.

. . . It is not a matter of chance that other States, especially those which politically and economically have made the greatest progress, rely chiefly on customs duties for their revenue.

Direct taxation which is demanded from the individual, and which, in case of need, is obtained by force, is by its very nature more oppressive than indirect taxation, which is almost unperceived by the consumer. . . . Direct taxation weighs especially heavily upon the middle classes.

It is a matter of course that is not intended that the increase of indirect taxation should mean an increase in the whole burden of taxation, which is not determined by the national income, but by its necessary budgetary expenditure. It is not the intention of the Government to produce larger revenues than are absolutely necessary, but it is its intention to produce them in the least oppressive manner. *The reform of our fiscal policy consists not in increasing taxation but in removing the burden from the more oppressive direct to the less oppressive indirect contributions by a revised tariff.*

To attain that end it would appear recommendable that all merchandise passing our frontiers should be subjected to customs duties. From those duties the raw materials which are necessary to our industries and which are not produced in Germany (such as cotton), or which are produced in insufficient quantity or quality, should be excepted. The duties should be graduated in accordance with the requirements of our home industries. . . .

The increased yield of indirect taxation would not necessitate a corresponding increase in the expenses for collecting the duties, as the existing customs apparatus will probably prove sufficient to cope with the additional work with which it will have to deal.

Though I am laying the greatest stress on the financial aspect of a change in our fiscal policy, I am of opinion that the reintroduction of protection cannot be attacked by political economists on economic grounds.

It is an open question whether a state of complete and reciprocal international Free Trade would be to the interest of Germany. As long as most other nations with which Germany has to keep up business relations are surrounded with tariff walls which are continually rising higher, it seems both justifiable and necessary to introduce protection. . . .

Protective duties in favour of individual industries are like privileges, and meet with hostility on the part of those industries which are unprotected. In order not to give undue privileges to individual industries it would, therefore, be advisable to give a preference *to all home production over foreign production in the home market.*

Such a system would not be oppressive and would be just to all, as the duties would be more equally distributed over all the productive forces of the nation than in the case of protective duties in favour of individual industries.

The small minority of the population which does not produce at all, the consumers pure and simple, would apparently suffer by Protection; but if the prosperity of the country should be increased by Protection the non-productive section of the community and the recipients of fixed salaries, imperial and local officials, &c., would certainly also be benefited. The community would be enabled to give compensation to those classes for a possible rise in the price of commodities; but if such a rise should take place it would be but infinitesimal and nothing like the rise that is usually imagined and feared by the consumers.

Duties which are imposed merely for revenue purposes on products which cannot be raised in the country, and which *must* be imported from abroad,

will always to a large extent be borne by the home consumer. However, on those products which can in sufficient quantity and quality be raised in the country, the foreign producer will have to bear the whole of the duty in order to be able to compete in our market. Lastly, in such cases where a part of the home demand must be supplied by imports from abroad, the foreign competitor will be forced to pay at least a part and sometimes the whole of the duties, and to be satisfied with a smaller profit than heretofore. The customs duties on those products which are in part raised in this country would to a large extent be paid by foreign countries, which may be seen by the interested clamour which is always raised abroad whenever new duties are introduced or when the old ones are increased. If the home consumer would in practice be burdened with the weight of import duties, the introduction of such duties would leave the foreign producer more indifferent.

Whenever a portion of the import duties is borne by the home consumer, it is small in proportion to the fluctuations in price which are caused by the changes in supply and demand. Compared with the great and rapid fluctuations arising from these causes a duty of 5 or 10 per cent. *ad valorem* can only exercise a proportionately small influence upon prices. . . .

The return to the principle of Protection all round has become necessary owing to the altered economic position of the world. *In the revision of our fiscal policy we can be solely guided by the interests of Germany.*

Commercial negotiations with foreign countries may soon be expected, and we can initiate such negotiations in the hope of securing favourable treatment of our claims and favourable conditions to

German trade only if the whole of our industries can, by an autonomous tariff, be brought into a favoured position with regard to foreign countries.

Speech from the Throne to the newly elected Reichstag, the 12th of February 1879.

. . . The new fiscal proposals are firstly intended to increase our resources by broadening the basis of taxation and by abolishing that taxation which is felt to be most oppressive. At the same time I am of opinion that our home industries in their entirety have a claim for as much assistance as can be granted to them by duties and taxes, an assistance which in other countries is given to similar industries perhaps *in excess* of the industrial requirements.

I think it my duty to try to reserve at least the German home market to national production so far as that policy is compatible with our other interests. We shall, therefore, return to those principles which have been proved by experience, which have guided the Zollverein during almost half a century of prosperity, and which we have, to a large extent, deserted since 1865. I fail to see that that departure from Protection has brought to us any real advantages.

Statement placed before the German Diet in support of the Tariff Proposals and explaining their Aim, the 13th of April 1879.

. . . German fiscal policy, in taking up Free Trade, had entered upon a phase during which the well-being of our national industries and the retention of the home market for the benefit of our own industries were almost completely left out of consideration.

That economic policy would have been advantageous and justified only under two conditions.

Firstly, it was necessary that other countries should follow our example and also adopt Free Trade, and the hope that they would do so was widely entertained in economic circles until a few years ago, and was also very prevalent in the Diet. But to-day no doubt exists that the first condition which can justify Free Trade has not come into existence, for no nation has followed our example.

The second condition which could justify the introduction of Free Trade was that no changes in the international economic conditions unfavourable to Germany should take place since the time when Free Trade was inaugurated, and that Germany should preserve her relative economic position amongst nations. This condition also has not been fulfilled.

The marvellous development of transport has, during the last ten or twenty years, completely changed the economic aspect of the world and the distribution of economic power. The most important German industries are at present endangered by huge foreign industries whose production, owing to the greatly increased transport facilities, threatens the German market in a way that, but a short time ago, could not have been anticipated. Furthermore foreign nations have learned—and the United States are an example—to dispense with German goods by surrounding themselves with hostile tariffs and by creating industries of their own in their country.

Our present tariffs, therefore, correspond no longer with the economic conditions of the world and with the requirements of the time.

To the allied Governments the considerations enumerated appeared so weighty as to make a recon-

sideration of our fiscal policy necessary, and from the disadvantages mentioned the direction which the necessary fiscal reforms should have to take became clearly apparent.

In view of the position described above, it evidently became necessary to come to the assistance not of certain individual industries which had suffered, but of all the national industries, by giving them, wherever such treatment appeared desirable, a preference in the home market.

With this end in view a special commission was nominated which has examined every single item of the proposed tariff.

The changes which have occurred in the relative economic position of various nations must make it apparent that it is risky for Germany to keep our market any longer open to foreign nations, especially if we bear in mind that other nations, whose system is more strongly protective than our own, have reserved their home market to their own industries by increased customs duties.

As the unsatisfactory state of the German industries is not of recent growth, material to support the justified claims of our industries is not lacking. Two inquiries into the decay of two industries, which have particularly acutely suffered, were made last summer, and the conclusions arrived at are at the disposal of the various Governments.

The finding of the commission which has examined the requirements of the various industries is apparent from the individual provisions of the new tariff, in which the reasons which have been instrumental for determining each individual provision have also been stated. The general conclusion at which the commission has arrived may be summed up as follows :

Whenever a pressing necessity can be proved to exist, home industries should receive a somewhat higher protection than that hitherto received. As a rule our industries should be granted only a moderate advantage over foreign competition. In drawing up the provisions of the tariff it has been borne in mind that the ability of German industries to export should be fully maintained and that that ability should be strengthened by reserving to them the home market.

Letter to Minister of Finance Bitter, the 13th of May 1880.

With reference to your letter of the 4th of May regarding the decrease in the yield of the income tax on small incomes (*Klassensteuer*), I agree with you that it is necessary to proceed with the utmost economy, and to recommend to the local authorities the greatest possible indulgence in levying taxes in view of the diminished prosperity of the country. In reply to your letter I should like to make the following observations :—

The shrinkage in the income tax on *small incomes* is a proof of the shrinkage in the prosperity of the population. That shrinkage has made itself felt for several years past, and according to my conviction it would have taken place several years earlier had it not been for the war contribution of 5,000,000,000 francs which we received from France between 1871 and 1874. Only that circumstance has, for a time, arrested the deterioration in our economic position which has been caused by the Free Trade legislation that was initiated after the Zollverein period. If these statements should require further proof, the fact that the masses of our population are impoverishing should

be sufficient. That decline in our prosperity began when our fiscal policy was altered in the direction of Free Trade. . . . Only the French War contributions stopped for a time the decay of our prosperity that began when we deserted the traditional policy of the Zollverein, which had been followed ever since 1823. We may, therefore, hope to see this decay disappear if our legislation continues to advance in the direction which it took in the session of 1879, without regard to the wishes of an opposition whose action was due rather to the consideration of the requirements of the political parties in the Diet than to considerations of public welfare.

. . . That the income tax on *large* incomes has risen whilst that on small incomes has fallen off seems to me to be due to nothing else than to the greater pressure which has been exercised by the tax-gathering apparatus whose principle it is to increase the assessment until the public makes formal complaints. However, merchants and other business men who require credit do not easily make such formal complaints, because of their credit requirements. But even those income-tax payers who need not think of their credit will rather bear an undue increase in their assessment for a time, as long as that increase is not *out of all proportion*, than take the trouble of sending in formal complaints. Only incomes which emanate from regularly flowing sources and which are paid in cash can be measured with absolute accuracy. I can, therefore, only view with suspicion the way in which the income-tax gathering authorities have proceeded, if the income tax received between 1874 and 1880 has increased by nearly 12 per cent. when all incomes, as is well known, have decreased. In consideration of the depressing circumstances of the present time and

of the shrinkage in our income, I cannot believe that such an increase could have been effected except by causing perfectly justified dissatisfaction amongst the taxpayers.

If I therefore agree with the wishes of the Minister of Finance for economy, I cannot help seeing in the arguments which your Excellency has advanced in your memorandum a proof how greatly the Free Trade disturbance, which has affected the fiscal traditions of the Zollverein, has damaged the prosperity of the German nation, and how necessary it is to continue to oppose Free Trade. The history of the Zollverein up to the end of the sixties was a history of uninterrupted prosperity for Prussia, notwithstanding the narrow limits of the country and notwithstanding the greater impediments to our home trade owing to our inferior means of transport. During the short space of but half a year since we have deliberately turned away from that mistaken system of Free Trade we have already witnessed a slight improvement in our economic position, and we may count on an increasing improvement if we continue to proceed on the road upon which we have entered.

CHAPTER XXIII

GERMANY'S WEALTH AND FINANCES [1]

THE principal wealth of a country lies in the productive power of the people. Germany has 63,000,000 inhabitants; Great Britain has only 44,000,000 inhabitants. In man-power, which, rightly considered, is more important than machine-power, Germany is 50 per cent. stronger than Great Britain.

At the time of her great prosperity the population of Great Britain increased more rapidly than that of any other country. Now, every report of the Registrar-General establishes a new low record of the birth-rate, which is rapidly sinking to the level of that of France. Additional men would not increase the national wealth, but only accentuate existing unemployment and poverty in Great Britain. Already we have to maintain more than a million paupers. While the population of Great Britain increases by about 400,000 a year, the population of Germany increases by more than 900,000 a year.

It is obvious that 63,000,000 fully employed Germans produce more than 44,000,000 ill-employed Englishmen, especially as the former are better organised than the latter, and as they employ the most scientific processes and the most perfect machinery. It is true that the three British show-industries—cotton, shipbuilding, and shipping—are much larger than the corresponding German ones, but

[1] Part of this chapter has appeared in the *Daily Mail*.

Germany has proportionately a far greater predominance in other industries. Her chemical and electrical industries, for instance, are foremost in the world, and in the production of steel she has rapidly overtaken Great Britain, as the following figures prove :—

	German Steel Production.	British Steel Production.
1880 . . .	624,000 tons	1,342,000 tons
1906 . . .	11,135,000 tons	6,462,000 tons

Since 1879, the year when she introduced Protection, Germany's supremacy in steel over this country has become overwhelming.

We are only too familiar with the stagnation and the decay which prevail in nearly all our industries. The abounding prosperity of the German industries may be seen at a glance from the following figures :—

	Horse-power of Industrial Steam-engines in Prussia.
1879	984,000 horse-power
1900	4,046,036 „
1907	6,043,567 „

Corresponding official figures for England do not exist.

It is ominous that between 1900 and 1907, in the short space of seven years, German industrial horse-power should have increased by two millions, or by 50 per cent.

The abounding wealth of Germany may be seen from the expenditure of the State and of individuals. Germany has spent about £50,000,000 on worthless Colonies ; she is spending a similar amount on the re-settlement of her Polish provinces ; she is spending more than £50,000,000 on her canals ; she is spending £20,000,000 per annum on her fleet, and £35,000,000 per annum on workmen's insurance.

The assertion that Germany is poor is ridiculous. Money is dear in Germany chiefly because the rapidly expanding industries absorb all the liquid funds. Moneyed Germans invest their cash in the national industries and make 6 per cent. Moneyed Englishmen invest their cash in Stock Exchange securities, and especially trustee stocks, because our shrunken and decaying industries are no longer safe and desirable investments. The cheapness of money in England is not a sign of our wealth, but of industrial stagnation and decay. Our vast foreign trade represents turnover, not profits and wealth. Even Germany's foreign investments seem to be almost as large as those of this country. Ten years ago she drew £60,000,000 a year from that source alone, and now her income from foreign investments is officially estimated to amount to from £75,000,000 to £100,000,000 per annum.

A comparison of German and British finances will prove that Germany is financially in a very strong position, that she is in a position which should arouse not our scorn but our envy.

The National Debt of Great Britain amounts to £760,000,000, or to £17, 6s. per inhabitant. The National Debts of the German Empire and of all the States composing it amount in the aggregate to £772,000,000, or to only £12, 5s. per inhabitant. Great Britain possesses practically no realisable assets against her National Debt except the Suez Canal shares and some small items valued together at £40,000,000. Deducting this sum, England's net debt stands at £720,000,000. This amount has been spent on powder and shot, and represents nothing but powder and shot.

The German National Debt has a different origin.

It has been spent not on war, but mainly on the purchase of commercial undertakings, and is a debt in name rather than in fact. Against the German National Debt of £772,000,000 there are vast industrial assets, the value of which is far greater than her indebtedness. While Great Britain possesses no purely commercial State enterprises, the German States possess many commercial undertakings of very great value. Nearly all the railways, nearly all the canals, extensive agricultural domains, vast forests and numerous mines, salt works, factories, and banks are Government property in Germany.

During 1907 the net profits of the State enterprises of Prussia alone were as follows :—

Net profit of State railways	£35,930,000
Net profit of State forests	2,860,000
Net profit of State mines and salt works . .	900,000
Net profit of State agricultural domains . .	900,000
Net profit of various undertakings	750,000
Total	£41,340,000

How carefully the German Empire and the individual States manage their commercial and industrial enterprises may be seen from the fact that, according to a statement made on behalf of the Prussian Ministry of Public Works in the Prussian Diet on March 7, 1907, the price for which the Prussian State railways were acquired was £475,000,000. Of this amount £150,000,000 has been written off, so that the book debt on account of the railways amounts now only to £325,000,000, although the intrinsic value is, according to the State Department, at least £1,000,000,000. This is conservative finance.

Other State enterprises are managed on the same principle. The progressive value of the Prussian State

railways may be seen from the fact that their net earnings have doubled during the last ten years, and these are likely to increase considerably in the near future. The profits of the mines, domains, and forests of the State show a similar increase. Bavaria, Saxony, Würtemberg, and the other States have railways, forests, mines, and other industrial undertakings of their own. The combined net profits of the commercial undertakings of the Empire and of the States composing it exceed at present £60,000,000 per annum. Capitalised at 4 per cent., the State enterprises of Germany represent, therefore, at present a value of £1,500,000,000.

Against the British National Debt there are practically no realisable assets. Against the German National Debt there are enormous assets. If Germany should sell her public undertakings to limited companies, she could pay off all her debts and receive besides a cash bonus of £800,000,000. She could cancel her entire debt by selling one-half of the State enterprises.

In Great Britain the State is merely an administrative institution. It is propertyless, and, being propertyless, it ought not to borrow and ought not to have a purely unproductive National Debt which is merely a drag on production. In Germany the National Debt is an excellent and highly productive investment which represents a large part of the national working capital. In Germany the State is not only an administrative machine, but is also a business enterprise, and, being exceedingly prosperous, it constantly requires fresh capital, as does every prosperous and expanding private business or limited company.

The bulk of the loans recently issued by Germany

was for the purpose of constructing a vast network of light railways and canals which, like most of her Government undertakings, will greatly assist her manufacturers and traders, and will in due course return about 8 per cent. in net profit, as do her other undertakings. Hence, Germany need not mind borrowing the money required at 4 per cent. Besides, while she borrows certain sums chiefly for building railways and canals, she writes off much larger sums from her industrial undertakings, as may be seen from the example of her railways. Thus the excess of State assets over State liabilities is constantly growing, and Great Britain has little cause to pity Germany for her indebtedness and her borrowings.

Germany is in a far more favourable position than Great Britain, not only as regards indebtedness but also as regards taxation, as the following figures show :—

Income-tax in Germany. (Allowing for Abatements.)		Income-tax in Great Britain. (Allowing for Abatements.)
On £150 . .	4¾d. in the pound.	9d. to 1s. in the pound.
„ 300 . .	5¼d. „	
„ 500 . .	7½d. „	
„ 1000 . .	7½d. „	
„ 5000 . .	9½d. „	

Estate duty to direct descendants :—

None in Germany . . . 1–8 per cent. in Great Britain.

Import Duties in Germany.	Import Duties in Great Britain.
10s. 7d. per head	15s. per head.

All Indirect Taxes in Germany.	All Indirect Taxes in Great Britain.
18s. per head	30s. per head.

For every pound paid by the average German in local taxation the average Englishman pays £2, 10s.

The foregoing figures prove that, compared with Englishmen, Germans are very lightly taxed, that they are able to stand a much heavier taxation, and that they should easily be able to raise by taxation the money which they require.

Those who wish to prove that the financial position of Great Britain is better than that of Germany are reduced to the argument that England's credit is better than Germany's because England borrows at 3 per cent. while Germany borrows at 4 per cent. This argument is fallacious. The wealth of a country cannot be measured by the quantity of unemployed money requiring investment which determines interest. Cheapness of money and consequent low interest is often not a sign of national wealth but of unemployment for money in industry, of industrial stagnation and decay. I have shown in my book on the "Rise and Decline of the Netherlands" that, after the decay of her industries, money was cheaper in Holland than anywhere else. The Government could borrow at 2 per cent. Dutch 2½ per cent. Consols stood high above par. In those countries where industries are most flourishing and expansive, such as the United States and Germany, unemployed money is scarce and dear, and interest is high as a rule.

Besides, as every financier knows, British Consols stand higher than German Consols largely because they have artificially been driven up by forced purchases under the Trustee Acts, and by the fact that all Government funds and the entire savings banks deposits of this country must be invested in Consols. Germany has never made a similar attempt to drive up the price of her loans. Her Government offices hold hardly any Government stock, and trust funds and savings banks deposits are invested chiefly in

mortgages. The wealth of the classes in Germany has increased as follows :—

	Income subjected to Income-tax in Prussia. (Allowing for Abatements.)	Income subjected to Income-tax in Great Britain. (Allowing for Abatements.)
1892 . . .	£298,069,881	£537,151,200
1905 . . .	501,041,023	619,328,097

As figures relating to the income subjected to income-tax and applying to the whole of Germany are not in my possession, I can give only those for Prussia. The income of the classes of the whole of Germany should be about 50 per cent. larger than that of Prussia, and should amount for 1905, roughly speaking, to £750,000,000, as against £619,000,000 for Great Britain. Income-tax is levied, and income is estimated, on different principles in the two countries. Therefore the two total sums given are not strictly comparable. However, the foregoing statement is of the greatest interest, inasmuch as it shows that the income of the classes in Germany has increased by about 70 per cent. during a period when it has remained practically stationary in Great Britain. The trifling increase of about 15 per cent. of the income subjected to income-tax in this country is merely equal to the increase of the population during the same period. Therefore, individual wealth has apparently remained almost stationary in Great Britain. However, in view of the fact that the British income-tax collectors have of late years "put the screw on" in an unprecedented manner, it seems likely that the income of Great Britain has in reality remained stationary, or has more probably decreased, during a time when it has almost doubled in Germany.

Germany is no doubt at present by far the wealthiest State in Europe.

CHAPTER XXIV

WORK, WAGES, AND LABOUR CONDITIONS

SUFFICIENCY of employment is the greatest interest of the workers. Let us investigate the state of employment in Germany by comparing it with the state of employment in Great Britain.

Employment is constantly in a state of flux. The ebb and flow of the national labour market may be gauged to some extent from the ebb and flow of the people across its frontiers, and from the ebb and flow of the money in its savings banks. Broadly speaking, it may be said that workers emigrate from countries where employment is bad to countries where it is good. Unemployment and ill-paid employment are no doubt the principal causes of emigration, whilst good employment and well-paid employment are the chief causes of immigration. Therefore the emigration and immigration statistics give a most valuable indication of the state of the national labour market in its entirety, as compared with the purely sectional trade union labour market. Besides, workers who are well employed and well paid are able to save much, whilst workers who are ill-employed and ill-paid can save but little. Consequently in countries where workers are well employed and well paid, savings banks deposits should increase rapidly, whilst in countries where workers are badly employed, and consequently badly paid, savings banks deposits should be stationary or even retrogressive. Hence, the state

of employment among the workers of a nation may further be gauged by observing the business transacted by the savings banks.

The foregoing shows that unemployment may be measured by three different tests: the trade union unemployment test which is generally used; the immigration and emigration test; and the savings banks test. Normally, all three should agree—that is, the indications as to the state of employment furnished by one of these tests should be confirmed by the two remaining tests. Now let us, at the hand of these three tests, compare unemployment in Great Britain and in Germany.

PERCENTAGE OF UNEMPLOYMENT AMONG TRADE UNIONISTS.

Years.	In Germany.	In Great Britain.
1903	2.7	5.1
1904	2.1	6.5
1905	1.6	5.4
1906	1.1	4.1
1907	1.5	4.2
Jan. to June 1908 .	2.8	7.4
July	2.7	8.3
August	2.7	8.9
September	2.7	9.4

It will be observed that during the period 1903–1908—the official German unemployment statistics were first issued in 1903—unemployment among trade unionists was, as a rule, from three to four times as large in Great Britain as it was in Germany. However, there is an irreducible minimum of unemployment in every country, a minimum which arises from the fact that workers leave one situation on a Wednesday and enter another one on the following Monday, or on Monday week, without being in the meantime unemployed in the usual sense of the

term, although they may be reported as being unemployed by their trade unions. Besides, voluntary holidays, illnesses, &c., cause absence from work, but not unemployment strictly so-called. If we allow, let us say, 1 per cent. for this irreducible minimum of purely technical unemployment, it would appear that between 1903 and 1908 unemployment among trade unionists was about four times as great in Great Britain as it was in Germany; that for every unemployed trade unionist in Germany, there were no less than four unemployed trade unionists in Great Britain.

The state of employment in Germany may be measured not only by the trade union statistics but also by the Sick Fund figures, which are published every month, and which show how many workers are insured against disease with the State Insurance Societies. By comparing the number of insured workers during 1908 and the previous year, and by allowing for the natural increase of workers, Richard Calwer, a prominent German statistician, has calculated in the *Wirtschaftliche Korrespondenz* that towards the end of 1908, 380,000 workers, out of a total of about 14,000,000 wage-earners, were unemployed in Germany. If this calculation and his carefully drawn-up tables, which have been endorsed by the German press and the German Parliament, are correct, it would follow that 2.7 per cent. of all the German workers were unemployed at a time when 9.4 per cent. of the British trade unionists were unemployed. These figures are particularly remarkable, in view of the fact that it is usually assumed that the percentage of unemployed among British unorganised workers is considerably higher than it is among British trade unionists. Therefore we may safely assume that for

every unemployed worker in Germany there are at least four unemployed workers in Great Britain.

Now let us see whether the emigration and immigration figures and the savings banks statistics confirm or contradict the foregoing statement.

	Emigration from Germany.	Gross Emigration from Great Britain.	Net Emigration from Great Britain.
1900	22,309	168,825	71,188
1901	22,073	171,715	72,016
1902	32,098	205,662	101,547
1903	36,310	259,956	147,036
1904	27,984	271,435	126,854
1905	28,075	262,077	139,365
1906	31,074	325,137	194,671
1907	?	395,447	237,204

The foregoing figures show that between 1900 and 1906 gross emigration—that is, emigration which does not allow for immigration—was absolutely from seven to ten times as large from Great Britain as it was from Germany. However, it must be borne in mind that the population of Germany is, roughly, 50 per cent. larger than the population of Great Britain. If we allow for that difference in population, it follows that emigration was relatively from ten to fifteen times as large from Great Britain as from Germany; that for every German emigrant there were from ten to fifteen British emigrants. Consequently, we may say that the pressure which causes emigration was from ten to fifteen times as great in Great Britain as it was in Germany.

The foregoing figures show a constant, rapid, and very disquieting increase in the outflow of population from Great Britain, an increase which, proportionately, becomes still greater when we look into the figures of British net emigration. These figures show how

many British people have left these shores when the number of all British immigrants is deducted. In comparing gross and net emigration from this country, we find that gross emigration from Great Britain increased between 1900 and 1907 by, roughly, 230 per cent., whilst net emigration from Great Britain increased during the same time by 330 per cent. The inclination of our emigrants to return to their old home is apparently growing smaller from year to year, presumably because they find British conditions of employment more and more unsatisfactory.

Whilst Great Britain loses every year an enormous number of her people by emigration, a loss compared with which the loss of 20,000 lives in the South African War seems but a trifle, Germany gains every year on balance a considerable number of citizens through immigration. Unfortunately, I have no figures relating to the immigrations of Germans into Germany. If these figures could be given, it would probably appear that the German population of Germany is rapidly increasing in numbers through the inflow of German-Americans, of whom many return to their old country. At all events, it is clear that Germany is gaining on balance in population through the immigration of foreigners. At the census of 1900, 757,151 foreigners were counted in Germany. At the census of 1905, 1,007,179 foreigners were counted in that country. Hence, Germany has gained in foreigners alone 250,849 people between 1900 and 1905, whilst she has lost during the same time only 168,849 of her own people through emigration.

A comparison of the British and German emigration and immigration figures seems to indicate that employment is considerably better in Germany than in Great Britain, and that consequently unemploy-

ment is considerably smaller in the former than in the latter country. The objection that it is natural that British emigration is greater than German emigration because Great Britain is more densely populated than Germany, is irrelevant as regards this investigation, which inquires merely into actual conditions, but not into causes. Besides, the fact that the population is denser in Great Britain than in Germany is not by any means a sufficient explanation for the great and constantly increasing outflow of our people. Great Britain is densely populated only in parts. The country contains large, very thinly, and very inadequately populated districts, which might be filled up if our industries were flourishing. Ireland, for instance, which sixty years ago had about 9,000,000 inhabitants, had at the last census only 4,458,775 inhabitants. Besides, the population per square mile is 70 per cent. larger in Belgium than it is in the whole of Great Britain, and it is even 6 per cent. larger in that country than it is in densely populated England and Wales. Lastly, people emigrate from this country by the hundred thousand, not because there is not enough room, but because there is not enough work; and I do not think that it can be maintained for a moment that there is not enough work in Great Britain because there is not enough room. Great Britain would have room enough for factories, workshops, and dwelling-houses to maintain more than a hundred million people if there is a sufficiency of markets for the wares which these additional factories and workshops might produce.

Now let us apply the savings banks test to Great Britain and to Germany.

SAVINGS BANKS DEPOSITS

	In Germany.	In Great Britain.
1900 . .	£441,929,000	£181,574,000
1907 . .	694,455,000 *	209,654,000 †
Difference . .	£252,526,000	£ 28,080,000

* Besides £50,000,000 Reserve Funds. † No Reserve Funds kept.

The foregoing table shows that in 1907 the deposits in the German savings banks were three and a half times as large as the deposits in the British savings banks, without allowing for the important fact that in 1907 the German savings banks had accumulated a reserve fund of £50,000,000, which might properly be added to the deposits, whilst the British savings banks have no reserve fund. A comparison of the growth of the savings banks deposits gives evidently a better indication of the state of employment in the two countries than a comparison of the sums total deposited. The foregoing table shows that between 1900 and 1907 the German savings banks deposits have grown exactly nine times as fast as the British savings banks deposit; and if we allow for the fact that the population of Germany is about 50 per cent. larger than the population of Great Britain, it appears that the deposits in the German savings banks have grown six times as fast as the deposits in the British savings banks, that for every £1 deposited by the British working classes between 1900 and 1907 the German working classes have deposited £6.

As a matter of fact, the British savings banks deposits have not grown, but they have remained stationary between 1900 and 1905, for there the apparent increase during these years is entirely due to the interest added, withdrawals having been equal to

deposits. This state of stagnation has lately changed for one of ominous retrogression. During the three years, 1905–1908, the British savings banks deposits have grown by only £6,000,000, or by £2,000,000 a year. As the interest paid on our savings banks deposits exceeds £5,000,000 per annum, it follows that during the last three years withdrawals have exceeded deposits by more than £3,000,000 a year. Rightly considered, our savings banks deposits have not increased, but have decreased by more than £3,000,000 during every one of the last three years. During the last three years, the German savings banks deposits have grown more than twenty-five times as fast as the British savings banks deposits—that is, for every £1 deposited during the last three years in Great Britain, £25 have been deposited in Germany.

The growth of the German savings banks deposits is all the more remarkable when we remember that the working masses in Germany have the greatest facilities for acquiring freehold cottages, houses, and agricultural land; that millions of German peasants are owners of freehold land and houses; and that by far the largest part of the savings of the German masses is invested in fields, and in bricks and mortar. Apart from the enormous savings banks deposits, which now amount to about £750,000,000, the German workers have about £100,000,000 in the Imperial assurance societies, to which they contribute at present about £18,000,000 per year, and they are largely interested in prosperous and wealthy co-operative societies, building societies, &c., in which another £200,000,000 of their savings are invested. In cash savings alone the German working masses possess more than £1,000,000,000, whilst the entire capital of the British working masses is usually estimated to

amount to only from £600,000,000 to £1,000,000,000. Hence it cannot be doubted that the German working masses are considerably better off than are the British working masses.

In comparing German and British savings banks deposits, some allowance must be made for the fact that many German savings banks accept considerably larger deposits than £200, which is the maximum deposit allowed by the British savings banks. However, of these larger sums a considerable proportion consists of the collective holdings of workers in various forms, and it may be estimated that about 80 per cent. of the German savings banks deposits, or about £600,000,000, come within the British limit of £200.

The interest paid by the German savings banks, which is usually 3 per cent. to 3½ per cent., is certainly considerably higher than the fixed interest of 2½ per cent. paid by the British savings banks, but relatively both rates of interest are practically equal. German Government stocks yield about 4 per cent., whilst British Government stocks yield only about 3 per cent. to the investor. Hence, the savings banks pay in both countries about ½ per cent. less than the rate which is obtainable on Government stocks. Consequently, it cannot be said that the German savings banks deposits are three and a half times as large and increase from eight to twenty-five times as fast as the British savings banks deposits, because the interest paid is higher in Germany than in Great Britain.

I am also not of opinion that the huge amount and the rapid accumulation of deposits in the German savings banks, as compared with the small amount and the slow growth of deposits in the British savings banks deposits, is chiefly due to the fact that Germans are more thrifty than Englishmen. The greater thrift

of the Germans is largely off-set by other influences which diminish German, but not British, savings. The German workers have on an average a larger number of children, and therefore larger expenses, than have Englishmen of the same class, and education is not gratuitous in Germany, as it is in this country. Besides, the German children are longer at school than British children; they go to work later in life, and they have therefore to be maintained during a longer period by their parents than English children. Lastly, military service is compulsory and universal in Germany, and the pay of the soldier is so low that it is usually supplemented by small sums which the parents send regularly to their sons who are serving. All these circumstances, and various others which I might enumerate, tend to entrench upon German savings.

The comparative tables given in the foregoing pages as to unemployment among German and British trade unionists, as to emigration from Germany and Great Britain, and as to British and German savings banks deposits, corroborate and confirm each other. All these tables point unmistakably to the fact that employment is as a rule very considerably better in Germany than in Great Britain, and that consequently unemployment is less prevalent in the former than in the latter country. They point to the fact that, in consequence of better employment, the great mass of the working population is considerably better off in Germany than in Great Britain. The greater prosperity of the German working masses is eloquently proclaimed by the German savings banks statistics.

Now let us examine German wages.

The fact that the members of certain British trade

unions receive higher nominal wages than the members in the corresponding trade unions, does not contradict the foregoing conclusions. In Great Britain, the trade unions are almost as old as are the manufacturing industries themselves. In Germany, the trade unions are of yesterday. The German trade unions have not yet succeeded in conquering for themselves a privileged position, and "standard union wages" are practically unknown in Germany. Although nominal trade union wages in Great Britain are in many instances higher than are the corresponding trade union wages in Germany, it cannot be concluded that general wages are higher in Great Britain than in Germany. On the contrary, the general level of wages is certainly as high in Germany as in Great Britain, and is very likely higher, largely because Germany suffers habitually from a scarcity of workers.

The election manifesto of the German Social Democratic Party, published in the *Vorwärts* on January 15, 1907, stated :—

> "We have in Germany not too large but too small a number of workers. This may be seen from the fact that every year foreign workers are imported into Germany by the hundred thousand."

That statement was literally correct. According to the German Government statistics, the last report of the Chamber of Commerce at Mannheim and the researches of Dr. Bodenstein, no less than 600,000 foreign workers were imported and temporarily employed in Germany in 1906. Of these about 240,000 were set to work in agriculture, and 360,000 in the manufacturing industries. In 1907 about 700,000 foreign workers were imported. These foreign workers are not imported for the sake of cheapness. In order

to prevent these men settling in Germany, the German Government makes various restrictions and does not allow the employment of Russian and Austrian Polish workers between December 20 and February 1. Hence the employers have to pay for two long and expensive journeys in addition to the ordinary wages, and the consequence is that imported foreign workers are as a rule not cheaper but are actually dearer than German workers. Nearly every German Chamber of Commerce Report—I would particularly mention the latest reports from Berlin, Barmen, Chemnitz, and Mannheim—contains complaints about a great scarcity of workers, complaints which have been confirmed in the reports from the British Consuls in Germany, and petitions have been sent to the German Government praying for permission to import foreign workers more freely to relieve the dearth of workers.

The fact that, notwithstanding the enormous increase of the German population, workers are as a rule scarce in Germany is also attested by the British Consuls in that country. For instance, Consul-General Schwabach reported from Berlin in May 1907 :—

"Workpeople of all classes were in strong demand, and received employment without regard to nationality. As the dearth of workmen became accentuated in the course of the year, working hours were lengthened, night shifts put on, and overtime became the rule almost everywhere. The abundance of urgent orders received in almost all branches of industry rendered it imperative for manufacturers constantly to increase the number of hands, but although large drafts of men were obtained from the agricultural districts (where there is a permanent dearth of labourers) and foreign countries, the demand was very frequently greatly in excess of the supply."

Consul Brookfield reported from Dantzig in June 1907 :—

"The chief complaint coming from employers of labour was not that they had no work to give, but that they could not obtain the men to execute their orders."

Consul-General Sir William Ward reported from Hamburg in August 1907 :—

"The chief difficulty with which many manufacturers in Germany had to contend in 1906 was the scarcity of workmen which prevailed in many districts, notwithstanding the advance in the rate of wages. Several large coal-mines, for instance, in north-western Germany were, it is stated, unable last year to produce more than one-third of their usual annual output, owing to the impossibility of finding sufficient hands for the work."

Consul-General Oppenheimer reported from Frankfort in July 1907 :—

"With the state of the labour market there was no chance of obtaining even a percentage of the additional hands needed. If there was a decided scarcity of labour in a number of industries, constant complaints proved that the textile industry suffered intensely from this calamity, though the average wages in this industry have improved considerably, and, more especially in the Rhenish Westphalian districts, would have been considered tempting under ordinary circumstances. It is, then, not surprising that a number of industries should have to rely upon foreign workers to fill the vacancies."

Continuing, the Consul-General tells that in 1905 the influx of foreign workers was 151,557 in Rhenish Prussia, 78,252 in Silesia, 57,358 in Westphalia, without giving figures for the agricultural districts.

The great scarcity of workers to which our Consuls testified prevailed not only during 1906 and the first nine months of 1907, but also during several preceding years. Therefore the Chamber of Commerce in Mannheim sent in autumn 1907 a petition to the Government, in which it prayed :—

"A scarcity of male and female workers has prevailed in our districts during some considerable time, as reference to the yearly reports of the Chamber for 1904, 1905, and 1906 shows. During several years this scarcity of workers has been constantly increasing. This scarcity has, in the course of this year, grown to such an extent that various industries have been very seriously hampered in their operations, and have suffered considerable loss and damage. Experience has shown that that scarcity of workers cannot be remedied by offering higher wages. The workers know that labour is scarce. An increase in wages does not increase the output. On the contrary, employers are seriously complaining that their workers produce less and less, knowing that they are the masters of the situation."

The petition from which the foregoing extract is taken is dated the 13th November 1907, a time when employment was bad in Great Britain and when our trade unions reported that 5 per cent. of their members were unemployed. Commenting on this position, the Mannheim Chamber of Commerce stated in its last report :—

"The causes of the permanent scarcity of workers in Germany are sufficiently known. The continuous growth of our industries and trade requires a large additional supply of workers, which is not forthcoming through the natural increase of our population."

In view of the fact that the natural increase of the German population exceeds the enormous figure of 900,000 a year, whilst the British population, with a natural increase of only 400,000 a year, is suffering constantly from widespread unemployment and consequent emigration, the foregoing statement is certainly very remarkable.

Work being usually very plentiful and workers scarce, unemployment is as a rule practically unknown in Germany. Wages are high and have been rapidly rising, and they are in many, if not in most,

instances higher than British wages except in certain selected trade unions. The last yearly report of the Chamber of Commerce of Elberfeld, for instance, states: "Wages in Germany are in numerous instances higher than wages in England and France." The last report of the British Consul in Frankfort says: "When recently some important chemical works were meditating the establishment of a factory in the United Kingdom, the Directorate of the German company decided, after minute inquiries, so to prepare the plans of the new factory that various branches of their German manufacture could later be transferred to the United Kingdom because 'the workman's wages are, at the present moment, considerably lower in England than in Germany.'" The last report of the Berlin Chamber of Commerce complains that the ready-made clothes trade is leaving Berlin for London because wages in London are lower than they are in Berlin.

It may be objected that the rapid rise in wages in Germany to, and even above, the English level of wages has been offset, or more than offset, by the rise in the cost of living. That objection is refuted by the painstaking and thorough statistical investigations published in the *Arbeitsmarkt Correspondenz*, by Mr. Calwer, a leading German statistician, who, being a Socialist, might be expected to take rather too pessimistic than too roseate a view of the condition of the workers in Germany. The last report of the Chamber of Commerce at Hanover states :—

"The industries of Germany have, during the last decade, prospered more than the industries in any other country, and the working men have participated in the rising prosperity to a substantial extent. During the last twelve years, 1895–1906, the wages of industrial workers have on an average risen

by from 37 to 38 per cent. Although this improvement in wages has to some extent been counterbalanced by the rise in prices, prices have risen during the same time only by 22 per cent. Hence the real yearly income of working men has considerably improved, a fact which is borne out by daily observation."

The foregoing statement is confirmed in the last report of the British Consul in Berlin, who supplies similar figures.

The frequently heard assertion that the cost of living is higher in Germany than in Great Britain is absurd. If it were true thrifty German rentiers with moderate incomes would settle in England. Instead of this we find everywhere in Germany English people of reduced means who have settled in that country because living is cheaper over there. It is true that the British Board of Trade has issued a bulky report in 1908 which tried to prove that cost of living was higher in Germany than in Great Britain, but the conclusions of that report were unanimously repudiated by all the German statistical offices with which I communicated, and I have proved, at the hand of the official information supplied to me, the misleading character of the Board of Trade Report in a penny pamphlet, "Economic Problems and Board of Trade Methods—An Exposure," published by Spottiswoode & Co., London.

The great prosperity of the German workers may be seen not only by the small number of unemployed workers and of emigrants, and by the huge amounts deposited in the German savings banks and similar institutions, but also by a comparison of German and British pauperism. The Second Fiscal Blue Book (Cd. 2337) gives statistics of pauperism relating to about one-seventh of the German population. According to these statistics, pauperism in Germany

fluctuated in the period 1884–1901 between 294 and 314 per 10,000, and amounted, therefore, on an average to 304 per 10,000. According to the statistical abstract for the United Kingdom, there are at any time on an average about 1,200,000 paupers in receipt of relief in Great Britain, whilst the total number of individuals relieved per year comes to about 3,000,000, as a recently published White-paper shows. As Great Britain has 44,000,000 inhabitants, it follows that we have about 700 paupers per 10,000 inhabitants in receipt of relief, as compared with 304 per 10,000 in Germany. In other words, for every three German paupers there are, according to Blue Book 2337, no less than seven British paupers. The German pauper figures given in the Blue Book relate chiefly to Bavaria and Berlin, where pauperism is much greater than in other parts of Germany, and therefore they greatly overstate the case. Besides, Great Britain, the most charitable nation in the world, spends yearly about £20,000,000 on private charity, and the armies of poor maintained by private British charity, though being paupers, are not classed as paupers unless they receive parish relief at the same time. If due allowance be made for these two factors, it would probably appear that for every three paupers in Germany there are from nine to ten paupers in Great Britain.

As workmen are probably the best judges of labour conditions, I extract from the report of the Gainsborough Commission of working-men who in mid-winter, 1906, travelled all over Germany, the following passages, which throw a vivid light upon labour conditions in the various parts of that country :—

P. 10. "The general conditions of the working classes in the industrial town of Crefeld impressed us. Wherever we came into contact with them we were struck by their genial

character, general physical health, cheerfulness of demeanour, and freshness about their work. No sign of extreme poverty meets the eye; the problem of the unemployed obviously does not weigh upon the municipal authorities at the present juncture."

P. 29. "The question of the unemployed does not exist here (Dortmund). We found that an immense number of Polish and Italian workmen flock hither."

P. 31. "We could, however, see no trace of want (Dortmund)."

P. 44. ". . . We have been forced to face the fact that it has been during the period following upon the introduction of Protection duties by Prince Bismarck in 1879, that Germany has ceased to be poor and has become well-to-do; that her workpeople have received a large increase in wages; that the general social condition of the latter has improved; that Germany's industry has developed; that she has succeeded in extending her foreign trade and in acquiring ready markets for her continuously developing industry."

P. 50. "In Solingen one of the party went into a horse-meat restaurant, where all kinds of people were dining off horse-meat. It was the restaurant we spoke of in our Elberfeld report. The proprietor does a good business, but his clients are not exclusively working men, who indeed form the minority. There is evidently a taste for this meat in Solingen, where the meat is declared to be very palatable. We heard of a servant-maid here who exclaimed one day to her mistress, 'Can't we have some horse-meat one day for dinner?'"

P. 84. "In the busy districts of Rhineland and Westphalia we came into contact with thousands of our German comrades engaged in the heavy industry, and looked in vain for the signs of poverty which certain persons in Gainsborough and elsewhere told us would confront us on all sides. . . . Nothing indicative in the remotest degree of widespread distress has come within the limit of our vision; on the contrary there is every sign of increasing prosperity. Occupation is to be had everywhere for the asking of it in all factories and at all works in the towns we have passed through. Instead of there being a superabundance of workers and consequently a crowd of 'unemployed,' employers are clamouring on all sides for skilled labour."

P. 108. "One of the leading Socialists (Frankfort-on-Maine) assured us that the consumption of horse-flesh could not be attributed to the high tariffs, seeing that its consumption was confined generally to those who had a particular liking for this sort of meat, and did not affect workmen as such."

P. 116. "The unskilled working man in Germany is undoubtedly as well, and in many cases relatively better paid than unskilled working men in England. During our stay in Germany we have nowhere seen clusters of workmen hanging about idle and unemployed in the streets."

P. 118. "Wherever we have been in Prussia we have seen no lack of employment amongst industrial workpeople; on the contrary there has been everywhere a demand for skilled workmen which could not be supplied. No German municipality is being harassed by an 'unemployed' problem; whilst in Great Britain, which boasts of the advantage of Free Trade and of untaxed wheat, the streets are thronged with strong men who have no work to do, and charity is being generously lavished upon them without much avail. We have everywhere been told by the German working man that he prefers rye bread to wheaten bread, and that he would not at any price give up his rye bread for the best of wheaten bread that we eat in England."

P. 204. "In going through the workmen's quarters in German large towns we were struck by the fact that nowhere have we seen the same abject dirt and misery that one meets with, *e.g.*, in London and Liverpool or Glasgow."

P. 227. "He pays no more in a Protectionist country for his bread, his coffee, his sugar, his clothing, or his boots than we do in England. It would be of no use to offer him white wheaten bread and jam, which we consider in England to be necessaries. He prefers his brown rye bread and other delicacies at which our people would turn up their noses. His meat is just now dearer than it is with us; but in normal times we do not consider that he is worse off relatively in this respect than we are when we make due allowances for national differences of taste."

CHAPTER XXV

THE FUTURE OF ANGLO-GERMAN RELATIONS AND BRITISH TARIFF REFORM

WHAT is the German navy for ?

The advocates of an overwhelmingly strong British fleet habitually assert that Germany is building a huge Navy because she intends to attack Great Britain. The champions of naval economy, on the other hand, assure us with equal confidence and emphasis that Germany is a peaceful country, that William the Second, as he has lately so often declared, is a friend of peace and of Great Britain, that there is no reason to doubt his sincerity, that he has no warlike designs, and that therefore we need not fear a German attack.

Both explanations betray great crudity of thought. Both spring from insufficient acquaintance with the realities of statesmanship. Both arise from a mistaken attempt of applying to matters of national policy and to international relations the motives of private intercourse and the standards of private morality.

The policy of States is not directed by the personal sentiments and publicly expressed intentions of their rulers, but by considerations of national interests, by political and economic necessity. In considering Germany's naval policy, we had therefore better leave out of our calculations the problematical intentions, warlike or peaceful, of Germany and her ruler, and study the factors which shape Germany's naval policy by investigating those interests which her naval policy is evidently meant to promote.

The naval policy of all great nations is directed rather by economic necessity than by ambition. Great Britain became a great sea Power and a colonial and maritime empire by sheer force of circumstances. The British world-empire was built up during the time when England had practically the world's monopoly in trade and manufactures, in shipping and in banking. Great Britain, like all the great colonial and maritime empires of the past, from Phœnicia to Holland, was forced into a career of conquest and expansion over sea by economic pressure. Our powerful industries, which made Great Britain the workshop of the world, and the necessities of our trade imperatively demanded markets outside these islands, and led to the conquest of India and of various other colonies. The rapid increase of our population beyond the national means of subsistence equally urgently demanded settlements in a temperate zone and led to the colonisation of America and Australia.

At the time when Great Britain was conquering and colonising the world, Germany was divided into numerous badly governed independent States, which quarrelled among themselves. The country was wretchedly poor. It subsisted on agriculture. German wheat, timber, hides, &c., were exchanged for British manufactures. In 1844 Lord Palmerston visited Berlin, and from his correspondence we learn that he was struck by the poverty and backwardness of the country, and that he thought that Germany was in the mechanical arts a century behind Great Britain. The overwhelming industrial superiority which England then possessed over Germany may be seen from the fact that in 1846 Great Britain produced 64.2 per cent. of the world's coal, whilst the Prussian and Austrian States combined, with double the number of

inhabitants, produced but 8.4 per cent. of the world's coal, and that Great Britain produced eleven times more iron than all the German States. At that time, steam engines were hardly known in Germany. The industrial machines used in Prussia possessed but 21,716 horse-power in 1846. Since then they have increased three hundred-fold, and amount now to more than six millions.

The political and economic unification of the independent German States, which took place in 1871, their transformation into a homogeneous empire, and the wise organisation and direction and the vigorous and deliberate development of all the national resources immediately after the Franco-German war, gave to the industries of the young empire an excellent start, and the introduction of Protection in 1879 converted a backward agricultural country into a wealthy industrial, commercial, and maritime State. Bismarck introduced his protective tariff in 1879, with the deliberate and avowed object of transferring part of the industries and the wealth of Great Britain to Germany, and his policy has succeeded only too well. In the present age of steel, the production of steel is perhaps the best index to a nation's manufacturing eminence. In 1880, the year following the introduction of Protection into Germany, Germany produced but 624,418 tons of steel, whilst Great Britain produced 1,341,690 tons of steel. In 1906 Germany produced 11,135,000 tons of steel, whilst Great Britain produced only 6,462,000 tons of steel. In other words, Germany and Great Britain have changed places. Twenty-five years ago, Great Britain produced twice as much steel as did Germany. Now Germany produces twice as much steel as does Great Britain. Other German industries have followed the lead of the steel industry,

but space precludes the showing of their progress in detail. The fact that the industrial steam engines of Prussia have increased from 984,000 horse-power in 1879, the year in which Protection was introduced, to 6,043,567 in 1907 shows better than a lengthy account the marvellous progress of the German manufacturing industries as a whole.

Largely owing to Germany's surprising development as an industrial nation, Great Britain is ceasing to be the workshop of the world, and Germany is rapidly attaining her place. It is true that if we look uncritically, as most Free Traders do, at the combined export and import figures which are swelled by our huge imports of food and our constantly growing exports of coal and of other raw materials, Great Britain is still the first trading nation in the world. But a closer examination will show that the character of our trade has curiously altered during the last three decades, that Great Britain is becoming, to an increasing extent, a purveyor of raw materials to other nations, whilst Germany is becoming the workshop of the world; that Germany is industrially rising, whilst Great Britain is industrially declining. I would therefore draw attention to the following most instructive and significant figures, which sum up the most recent industrial development of Germany in two lines.

	Imports of Raw Material into Germany.	Exports of Manufactured Goods from Germany.
1897 . . .	£100,505,000	£115,225,000
1906 . . .	201,625,000	219,945,000

During the short period of 1897–1906, whilst Great Britain has but haltingly increased her exports of manufactured goods, Germany has exactly doubled

her imports of raw materials and her exports of manufactures.

The change in the industrial character of Germany and in the character of her foreign trade is particularly striking if we study the change which has taken place in the nature of the Anglo-German trade. Formerly, Germany sold to Great Britain raw materials and food, and bought from us our manufactured goods. Germany was Great Britain's farm, and Great Britain was Germany's factory. Now Germany exports to Great Britain chiefly manufactures of every kind, and receives in return principally raw materials and food. Yarn apart, which is a raw material to the German industries and is therefore subject to only a slight duty, Great Britain exports to Germany chiefly coal, gold, silver, leather, furs, fish, caoutchouc, wool, copper, &c. According to the very reliable German Customs statistics, almost exactly nine-tenths of the British exports to Germany consist of raw materials and food, whilst only one-tenth of the British exports to Germany are fully manufactured articles, such as machinery, woollen and cotton cloths, &c. Great Britain has become a hewer of wood and a drawer of water to Germany.

The industrial development of Germany is still progressing with an incredible speed. The fact that the horse-power of industrial steam engines in Prussia has increased from 4,046,036 in 1900 to 6,043,567 in 1907 shows that Germany's manufacturing industries continue even at the present moment to increase their productive power by leaps and bounds, and that they must in the immediate future rely to an increasing extent upon expansive foreign markets for the sale of their productions. Unless the expansion of the German industries be accompanied by a corresponding

increase of opportunities for sale abroad, the German industries, and with the German industries the German Empire, will decline and decay. Germany experiences now the same imperative necessity for expansion over sea which Great Britain has experienced in times gone by, and she knows that upon her ability to secure that needed expansion depends her future as a great nation. Her leading statesmen, economists, and merchants have told her so, and when the German Emperor said, "Germany's future lies upon the water," he simply gave a convenient formula, easy to remember, to the general thought that the economical requirements of Germany and of her industries make maritime expansion absolutely necessary.

To a great industrial and trading nation, a great merchant marine is a necessity, and a great merchant marine requires adequate harbours.

Germany has become an industrial State whose population relies principally on the manufacturing industries for its support. Her manufacturing industries are forced to rely to an ever-increasing extent upon foreign markets, and especially upon markets over sea, for the sale of their wares. About three-quarters of Germany's foreign trade is over-sea trade, and the proportion of Germany's over-sea trade to her land trade is constantly growing, in consequence of the protective tariffs with which her neighbours in Europe try to shut out Germany's manufactures. Therefore Germany's most important market for the sale of her manufactures is not that of Austria-Hungary, or of Russia, or of France, her immediate neighbours. Her best customer is the British Empire, which absorbs about 25 per cent. of Germany's exports, more than is taken by Austria-Hungary, Russia, and France combined.

The chief characteristic of Germany's foreign trade is its precariousness. The precariousness of the hold of Germany on her most important market, the British market, is well known to the German statesmen and to most German business-men, who dread the possibility of Great Britain introducing Protection and arranging with her Colonies for the preferential treatment of her manufactures. How rapidly Germany's exports to Great Britain, and especially to her principal Colonies, have grown is apparent from the following figures, which are taken from the German official statistics :—

German Exports to	1896.	1902.	1906.
	£	£	£
Great Britain .	35,755,000	48,275,000	53,360,000
India and Ceylon .	2,460,000	3,310,000	5,720,000
Australia . .	1,465,000	2,275,000	3,215,000
Canada . . .	756,500	1,935,000	1,225,000

It will be observed that the figures relating to Canada show between 1902 and 1906 a very heavy decline in the German exports. A comparison of this decline with the other figures, which indicate a constant and vigorous growth of the German exports to Great Britain and her Colonies, shows how much damage a preferential tariff may inflict upon Germany's industrial exports. Germany stands in danger of seeing by far her most valuable markets, the markets of the British Empire, closed to many of her wares. However, this is by no means the only danger which threatens Germany. If Great Britain should introduce Protection, she will, following Germany's example, conclude preferential treaties of commerce with her best

foreign customers (the Colonies would, of course, be placed upon the most favoured footing), and thus Germany will lose many of the advantages which she now enjoys in neutral markets owing to the advantageous commercial treaties which she has concluded, but which she will hardly be able to renew in competition with the British Empire. A study of the Japanese Customs returns, for instance, reveals the fact that Germany is ousting Great Britain in the Japanese market. An Anglo-Japanese commercial treaty, giving Great Britain and her Colonies preference over Germany in Japan, which undoubtedly can be concluded in view of Japan's great interest in the India trade, would practically exclude certain German manufactures from that country.

The German tariff policy which Bismarck inaugurated in 1879 led to the transference of much English trade to Germany. The tables may be turned upon Germany. The introduction of Protection into Great Britain and of preferential arrangements throughout the Empire would lead to the transference of much valuable German trade to Great Britain.

Germany is threatened not only with the narrowing of the outlets for her manufactured products, but also with the danger of seeing her supply of raw products for industrial purposes diminish.

Owing to her Colonies and dependencies, the value of which has not yet been sufficiently realised by most Englishmen, Great Britain controls the supply of many industrial raw products. Inter-imperial preference for sale would, no doubt, be followed by inter-imperial preference for purchase, especially in the case of articles of relative scarcity. Great Britain would, for instance, probably receive the preference for the

purchase of Empire-grown cotton and wool. Hence some of the most important German industries would find themselves hampered by the British Empire, both in buying their raw products and in disposing of their manufactured articles, and the result would, no doubt, be the wholesale transference of many industries and of much industrial capital from Germany to Great Britain and to the British Dominions over sea, a transference which at the same time would greatly benefit the British nations and greatly weaken Germany.

Germany, whose natural resources, such as coal, coast-line, harbours, easy access to the sea, &c., compare most unfavourably with those possessed by Great Britain, owes her marvellous success chiefly to the fact that she was the first nation to exchange the policy of *laisser-faire*, the policy of Governmental indifference and neglect, for a far-seeing and business-like policy of national industrial organisation and development. Owing to the inferiority of her natural resources, and especially to her lack of harbours and to the vast distances (from 200 miles to 400 miles) which separate her industrial centres from the sea, Germany's industrial position is exceedingly unsafe. Germany's industrial prosperity has been built up on the basis of British *laisser-faire*, her wealth has been drawn out of British purses, and as soon as that basis is withdrawn there will be a collapse in the German industries. Every German economist knows that, given equal conditions, Germany could not industrially compete with Great Britain.

Recognising the dangers which threaten her by the conclusion of a Pan-Britannic Customs Union, Germany has naturally done her utmost to prevent the unification of the British Empire upon an economic

basis—an event which, for her, would be a calamity of the very greatest magnitude. Therefore no Englishman was more dreaded and hated by Germany than was Mr. Chamberlain. Therefore Germany penalised Canada when she took the first practical step towards the unification of the empire and the conclusion of a Pan-Britannic Zollverein by giving Great Britain a preference in her market.

The foregoing should suffice to show that Germany's abounding prosperity is largely due to certain temporary conditions which the short-sightedness of English administrations and the far-sightedness of Bismarck and his successors have created. It should also show that the conclusion of a Pan-Britannic Customs Union would lead to a rapid decline of German prosperity, and to a rapid exodus of a large part of her capital and of her industrial population, an exodus similar to that to which, unfortunately, we have become accustomed in this country. Germany, if she cannot defeat the conclusion of a Pan-Britannic Customs Union by diplomacy or force, can counteract its harmful effect upon her industries and prosperity only by expansion over sea. She can improve her unfavourable position as to commercial harbours only by securing the control of Antwerp and Rotterdam, which are the natural ports to her chief manufacturing districts in Rhenish Prussia and Westphalia. She can obtain secure markets only by acquiring extensive Colonies, both in temperate and tropical zones, which make her independent of other countries as regards the supply of raw materials, which give her an adequate outlet for her surplus population, and which at the same time afford expansive markets for her manufactures similar to those furnished by her Colonies to Great Britain.

Maritime expansion is not merely a hobby of the Emperor's, as so often is believed, but it is a question of life or death for Germany. Germany, from her point of view, is perfectly justified in endeavouring to strengthen her industrial position by the acquisition of Rotterdam and Antwerp, which at one time formed part of the German Empire. Great Britain, on her part, is equally justified in preventing Germany from acquiring harbours from which a descent upon the English coasts would be comparatively easy. Germany is perfectly justified in trying to acquire Colonies for her abounding population; but Great Britain is equally justified in defending her Colonies, and in preventing their receiving so dangerous a neighbour as Germany might prove. Under these circumstances, it is clear that the question of the expansion of Germany depends in the first place on Germany's power to overcome the opposition which Great Britain, for the sake of self-preservation, is compelled to offer. There was much sense in the German Emperor's winged word, "Germany stands in bitter need of a strong navy."

Great Britain's opposition need not necessarily be overcome by war. A demonstration of sufficient naval force might suffice, as German writers have frequently pointed out, to overcome Great Britain's opposition to Germany's maritime expansion.

Those who doubt that the German Navy is primarily destined either to defeat the British fleet or to overawe Great Britain without war, in order to obtain a free field for Germany's maritime expansion, and those who find the leading principle of Germany's naval policy which was laid down in the Navy Bill of 1900 not sufficiently explicit, should ask themselves: "Against which State, apart from Great Britain, can the German naval armaments possibly be directed?" Germany

requires no fleet in case of a war with France, as a Franco-German war will be decided on land, as Moltke has pointed out. Russia has practically no fleet. Outside Europe, there are only two great naval Powers —the United States and Japan. Both countries are too far removed from Germany to make a war with Germany likely. Besides, the German fleet, proceeding to attack the United States or Japan, would find no coaling-stations open to her, and would have to pass within reach of the guns of the French and English coasts. In view of the intimate relations existing between Great Britain and the United States, and between Great Britain and Japan, Germany cannot think of a war against either country. Germany can strike westward only if Great Britain is on her side. It is almost inconceivable that Germany would run the risk of having her fleet cut off from her harbours by Great Britain or France or by both Powers combined. Not only economically, but geographically as well, Great Britain bars Germany's way; if Germany wishes to take New York or Tokio she must first take London. The way to New York or to Tokio goes *viâ* London.

Lately the British Government has shown a desire to withdraw from the race for naval supremacy by making puerile proposals of naval disarmament to Germany, which serve only to strengthen Germany's determination to outbuild this country. The British disarmament proposals were declared impractical and absurd by the leading organs of the Conservative, Liberal, and Clerical parties of Germany, and even the German Socialists, who favour disarmament in the abstract, exposed the childish proposals of the Liberal Government to well-deserved ridicule. The *Vorwärts*, for instance, wrote :—

"With the greatest number of the Liberal advocates of disarmament, their point of view originates simply in the consideration that strong naval and military armaments demand more and more from England's purse and her human material, whilst England possesses all that she can wish for, and has therefore nothing to gain from fresh conquests. All over the world she has the most valuable colonies. She is in that satisfied frame of mind which makes the fortunate winner at cards say, 'Let us leave off, I am tired of playing any longer,' and the thing is, therefore, to secure what she has got, and to diminish her heavy financial burdens. This desire is comprehensible, but the other Powers will hardly respect it. Social-Democracy is very much in sympathy with the disarmament idea, but no amount of sympathy can get over the fact that in the world as at present constituted there is little chance of a general disarmament. The conception that war is only a product of human unreason is on the same level as the idea that revolutions are only mental aberrations of the masses. War is rooted in the opposing interests of the nations, as are revolutions in the opposing interests of the classes."

There is no hope for England to secure her possessions and her peace cheaply by a piece of paper. She can secure them only by her armed strength.

It is not sufficient that Great Britain possesses merely a supremacy over Germany in first-class battleships. She must possess an overwhelming supremacy. Accident, floating mines, a surprise attack by torpedo boats, a mistake of a captain or an error of judgment on the part of an admiral—for we cannot count upon always having a Nelson upon our side—may destroy or temporarily cripple a few of our best ships, and might convert our theoretical superiority into a very real inferiority. Besides, some of our own *Dreadnoughts* and *Invincibles* may in case of an Anglo-German war have to be detached in order to protect British interests in other directions. For these reasons it is necessary that the doctrine should be laid down

that for every German battleship Great Britain will build two.

In view of the growing disproportion in the increase of British and of German wealth, and the evident economic decay of Great Britain, it is clear that the question whether Germany will outbuild Great Britain, or whether Great Britain will outbuild Germany, is a purely financial one. Great Britain has no monopoly of naval ability. The longest purse can build the strongest fleet. Mr. Lloyd-George's amendment of the Patent Laws, which no longer allow foreign manufacturers who hold British patents to manufacture abroad, has caused some important patent-protected German industries to migrate to this country, and these German industries, as the late President of the Board of Trade has told us, will give occupation to thousands of British working men. The capital so transferred from Germany to Great Britain is said to amount already to £25,000,000. An amendment of the Fiscal Policy of Great Britain, sufficiently high protective duties for our industries, will compel German industries which now import their productions into Great Britain to migrate wholesale to this country. With them a large part of Germany's wealth will be transferred to this country, the flight of British capital towards Protectionist countries will cease, English industries will flourish again, and Germany will no longer financially be able to dispute Great Britain's naval supremacy. A strong tariff will pay for a strong fleet, and enable us to preserve our independence, wealth, and empire. The latent resources of Great Britain and her Colonies are ample. All that Great Britain desires is to preserve and develop her country and possessions. All that she may desire from Germany she can obtain by means of a tariff. Therefore,

a strong tariff will make an Anglo-German War senseless on the part of Great Britain and impossible on the part of Germany, whose resources will be crippled when Great Britain introduces Protection. Hence a strong Protective tariff may prove a stronger safeguard of Great Britain's peace and independence than her Navy, the most satisfactory alliances and treaties of arbitration, and the most cordial assurances of friendship and goodwill towards Great Britain on the part of the German Emperor.

CHAPTER XXVI

ENGLAND, GERMANY, AND THE BALTIC

During many decades the Baltic was to the average Briton not much better known than the Kara Sea or the Sea of Okhotsk is known to him at the present moment. Ignored in official despatches and Parliamentary speeches and unvisited by British warships, the Baltic Sea seemed to be of no interest to our politicians, to the Government and to the Admiralty. In fact, the Baltic had come to be generally considered to be a sea in which Great Britain had no political interest. Lately the Baltic has attracted some attention. In July 1905, it became known that a powerful squadron of British warships would visit the Baltic and manœuvre in it. This news created considerable excitement throughout Germany. Most German journals saw in that cruise a political demonstration of serious portent, and the most indiscreet of these went so far as to declare that the Baltic was by nature not a sea open to all nations, but a closed sea, that British warships had no business in the Baltic, and that it ought to be converted into what is technically termed a *mare clausum*. Numerous German writers urged that the States bordering on the Baltic, namely, Germany, Russia, Sweden, and Denmark, should agree that the Baltic was to be given the status of an inland lake, that it was to be open to the warships of none but the four Baltic Powers. This recommendation appeared in some papers which

CHART OF THE ACCESSES TO THE BALTIC SEA.
Scale of Miles
20 0 20 40 60 80 100
NORWAY
SWEDEN
SKAGER RACK
KATTEGAT
NORTH SEA
DENMARK
Sound
Helsingborg
Elsinore
COPENHAGEN
Great Belt
SCHLESWIG
HOLSTEIN
BALTIC
HELIGOLAND
Or Düne
Baltic & N. Sea Canal
KIEL
Brunsbüttel
Wilhelmshaven
HAMBURG
STETTIN
BREMEN
R. Elbe
220 miles
75 miles
R. Weser
GERMANY
BERLIN

apparently were inspired by the Government, and it was undoubtedly levelled at this country.—The following pages will show that Germany's excitement at the news of the British naval visit to the Baltic was not without cause, and they will likewise show that the British Government and public were wrong in neglecting that sea in the past, for they will make it clear that the Baltic seems bound to become a place of very considerable interest and importance in any great war in which Germany may be engaged, and especially in a war in which she has to rely largely on her fleet. Therefore it behoves us carefully to consider the position of the Baltic from the strategical, political, and economic points of view, and especially to inquire into the nature of the British interests in that sea.

The northern frontier of Germany is formed by the North Sea and the Baltic. These two seas are separated from one another by the Danish Peninsula, which stretches out northward towards Sweden and Norway. The connection between the North Sea and the Baltic is formed by the Skager Rack and the Kattegat, which separate the Danish Peninsula from the mainland of Sweden and Norway. The Skager Rack, to the north-west of the Danish Peninsula, is the continuation of the North Sea, and is about seventy miles wide. The continuation of the Skager Rack, the Kattegat, on the east of the Danish Peninsula, affords a passage about fifty miles wide down to the 56th degree. To the south of the 56th degree between sixty and seventy islands, with shoals and sandbanks innumerable, suddenly occur, almost block up the Kattegat, and convert the broad open passage into a labyrinth full of dangerous narrows, shallows, and treacherous cross currents. There is probably no sea in the world to which access is more difficult, more

intricate, and more dangerous than it is to the Baltic.

Through the cluster of the Danish Islands and sandbanks which almost close the Kattegat, three narrow and tortuous passages lead to the Baltic. These are the Great Belt, the Little Belt, and the Sound, and these passages—especially the Little Belt, which in parts is less than a thousand yards wide—have rather the appearance of meandering rivers or canals than of sea straits such as the Strait of Gibraltar. So tig tly is the Kattegat closed by the Danish Islands, that the Baltic is rather a fresh-water lake filled by the rivers of north-eastern Europe and fortuitously connected with the sea than a part of the sea itself. Therefore the Baltic has practically no tides, and the percentage of salt contained in the water is infinitesimal and in parts nil.

As both the Great Belt and the Little Belt are very difficult to navigate, the third passage, the Sound, on which Copenhagen is situated, has always been the favourite route chosen by the world's shipping. However, the Sound, though it is the easiest, is not the deepest passage to the Baltic. South of Copenhagen the Sound is not sufficiently deep for the largest warships. Therefore these have to pass through the more tortuous, awkward, and dangerous Belts, whilst ships of medium draft prefer going through the Sound passing Copenhagen. Copenhagen is a fortress, which dominates the Sound through its strong land fortifications and island batteries. At Copenhagen the Sound is about ten miles wide, but it gradually narrows towards the north, and twenty miles north of Copenhagen, at Elsinore, it is but four thousand yards wide. An ordinary field gun carries easily from Elsinore in Denmark across the Sound to the Swedish town of

Helsingborg opposite, and no squadron can approach Copenhagen from the north if the narrows of Elsinore-Helsingborg are adequately fortified, for at that short distance every shot fired from the land batteries at passing ships should hit the mark aimed at.

The foregoing imperfect sketch shows that the passage into the Baltic by way of the Skager Rack and the Kattegat is a very difficult one, and that Denmark possesses the very greatest strategical importance in any war in which Germany may be engaged, because she holds the keys to the Baltic. With a few forts armed with heavy guns and a number of torpedo boats and of floating and of fixed sea mines, she can close absolutely the Sound and the two Belts against a purely naval attack, but she cannot close the Baltic against a combined naval and military attack, as will be shown in due course. A Power which desires to control the entrance to the Baltic must seize one or several of the Danish Islands in order to be able to dominate the passages leading through them.

In a great war Denmark may make use of her commanding position, and may thus influence the decision, or she may observe an attitude of strict neutrality. At any rate, whether she adopts the one course or the other, so much is certain, that no ship can pass into or out of the Baltic unobserved by Denmark, and the transmission or non-transmission of her observations of naval movements to one or the other of the belligerents may decide battles and perhaps the issue of a great war. Hence Denmark is a very important factor in any war which has the Baltic for its scene, and it may be said without exaggeration that she is bound to exercise a very powerful, and perhaps a decisive, influence in the next great European war.

Germany has two naval harbours, Kiel and Wilhelmshaven. Kiel Harbour, or rather Kiel Fiord, on the Baltic, is a deep and well-sheltered natural inlet of the sea which affords ample room to all warships of Germany present and to come. Wilhelmshaven, on the North Sea, is a small port laboriously dug out of the mainland. It is quite insufficient for Germany's naval requirements as regards size, and the narrow entrance has to be kept at a proper depth by constant dredging. Thus Nature has placed the chief German war harbour in the inaccessible Baltic.

Kiel is Germany's principal naval base. Germany's naval battles might have to be fought in the North Sea. Under these circumstances the precariousness of the connection between the Baltic and the North Sea by way of the Skager Rack and Kattegat and through the Danish Archipelago, the length of the roundabout journey, and the fact that in war time the German fleets would constantly have to pass to and fro under the eyes and under the guns of Denmark, were exceedingly irksome to Germany, especially as, until lately, Denmark was not friendly to her mighty neighbour, remembering her spoliation of 1864. Germany had to be prepared to fight either France or Russia, and perhaps both Powers simultaneously. Therefore, she had to maintain strong fleets in both the Baltic and the North Sea, and she had to be able to fight with her whole naval strength in either sea and at short notice.

To effect rapidly and unnoticed a junction of her fleets either in the North Sea or in the Baltic, Germany created an artificial link connecting the North Sea and the Baltic by the construction of the Baltic and North Sea Canal. The Baltic and North Sea Canal has been planned with great wisdom, and has been built without regard to expense. It leads from the

interior of Kiel Harbour to Brunsbüttel, a town which lies on the lower reaches of the Elbe twenty-five miles above the mouth of that river, and the shallows surrounding it. Therefore the North Sea opening of the canal is exceedingly well sheltered. It is neither easily accessible to a hostile fleet of warships and of transports carrying landing parties, nor can it easily be observed by hostile sea-keeping cruisers and naval balloons, because the distance which separates the canal opening from the open sea is too great.

The distance which separated Kiel and the mouth of the Elbe before the construction of the Baltic and North Sea Canal was 650 miles. The cutting of the canal has reduced that distance to but fifty-five miles. As the canal has no gradients to be overcome by locks, as its banks are so very solidly built that the wash of ships passing through at speed will not damage them, as all along the route numerous commodious basins have been built where ships going in different directions may pass one another, and whereto disabled ships may be dragged in order not to block the passage, and as the fixed bridges leading across the canal are so high above the water level as to allow high-masted ships to pass easily underneath, warships are able to traverse the canal with great rapidity. The passage from Kiel to Brunsbüttel can, under favourable circumstances, be made in five hours or less. Therefore Kiel protects Hamburg very effectively, and it may be said that, thanks to the canal, Kiel has become a harbour on the North Sea as well as on the Baltic.

If we now look at the peculiar configuration of the German coasts, it will become apparent that Germany's position for naval defence is by nature one of very considerable strength, and that her naturally so very favourable position has been greatly improved

since, through the construction of the Baltic and North Sea Canal, she has been enabled to make Kiel, in the inaccessible Baltic, her principal naval base for the defence of the North Sea.

The North Sea lies within easy reach of all those nations with which Germany will conceivably fight a naval war, for Denmark, Sweden, and Norway have practically no fleets, whilst Russia has a fleet mainly on paper, and will for many decades hardly be able to fight Germany on the sea. On the North Sea, or, rather, near the North Sea, are situated the two most valuable commercial harbours of Germany, Hamburg and Bremen, for these ports lie not on the sea-shore but on rivers about fifty miles inland. Therefore, Hamburg and Bremen are quite out of the reach of a hostile fleet, as are all the other harbour towns of Germany. It would not be easy for an enemy to approach the northern coast of Germany at any point in the North Sea, or to effect a landing on the west coast of Schleswig-Holstein in order to seize the Baltic and North Sea Canal, because a belt of shallows which is from ten to twenty miles wide surrounds these coasts. After the removal of the buoys and other signs of navigation, it would be almost impossible for hostile ships to thread their way through the narrow channels which lead through the shifting sandbanks round the German North Sea coast, and which constantly alter their course. In consequence of these difficulties a landing in force on the shores of the North Sea would require so much time that Germany, with her excellent railway system, which has been specially designed with an eye to facilitate the rapid concentration of troops in case of war, should easily be able to collect in time a force superior to that landed by the invader.

The points of the greatest strategical importance in the North Sea are three in number : the mouth of the Elbe, which gives access to Hamburg and to the western entrance of the Baltic and North Sea Canal ; the naval harbour of Wilhelmshaven ; and the mouth of the Weser with Bremen. These three points are admirably defended by permanent land fortifications of great strength, and by the sea fortress of Heligoland, which is likely to play a very important part in any naval war of defence in which Germany may be engaged.

Heligoland is a rock some hundred and fifty feet high, and not much larger than a park of moderate size, such as Hyde Park. It is almost exactly equidistant from the mouth of the Elbe with Hamburg and the entrance to the Baltic and North Sea Canal, from the mouth of the Weser with Bremen, and from Wilhelmshaven. Therefore Heligoland provides a most excellent advanced point of observation. It is amply provided with signal stations and with appliances for wireless telegraphy, and it is connected by cable with Cuxhaven and Wilhelmshaven. Besides, Heligoland will serve in war as a base for torpedo boats, which can lie in its shallow harbour whilst larger ships will be able to anchor close to Heligoland sheltered by the "Düne," and there to take in ammunition and coal. Heligoland is so strongly fortified that it is not only secure against a *coup de main* but that it would be a very awkward antagonist to all ships within reach of its heavy guns and howitzers, and it will no doubt take a very active part in any naval battle which may be fought in its vicinity. Heligoland lies about forty miles in front of the German coasts, but, owing to the extensive shallows already referred to, it lies only about fifteen miles in front of the open sea zone

of Germany. Consequently its guns are able to cut very effectively into the manœuvring field of a hostile fleet, whilst they would give an invaluable support to a German fleet issuing from the mouth of the Elbe or from Wilhelmshaven or retiring to one of these points. Lastly, all merchantmen going to or coming from Hamburg must pass close to Heligoland. Consequently Heligoland makes the blockade of Hamburg difficult, and facilitates the protection of merchant shipping going to, or issuing from, that point. Thus Heligoland serves at the same time as an advanced point of observation, and as a powerful floating battery which admirably covers the most vulnerable spots of Germany in the North Sea. The foregoing makes it clear that Heligoland is a strategical point of considerable importance, and that those British statesmen who light-heartedly handed it over to Germany in exchange for some concessions in East Africa, believing it to be of no value, made a very bad bargain.

To a strong Power at war with Germany the Baltic should be more attractive as a field of action than the North Sea, for the following reasons : firstly, from the Baltic the harbour of Kiel may be watched, and the warships contained in it be attacked and destroyed. Secondly, a landing can be far more easily undertaken on the shores of the Baltic than on those of the North Sea, partly because the Baltic coast can be approached more easily, partly because it is about three times longer than the coast of the North Sea, and can therefore less easily be defended against an invader. Thirdly, a landing demonstration or a landing in force would be more effective on the shores of the Baltic than on the shores of the North Sea, because Berlin lies less than a hundred miles from the nearest point on the Baltic, whilst it lies more than two hundred

miles from the nearest point on the North Sea. A landing is most effective when it threatens directly the centre of national vitality. In case of a great European land war, a telling diversion could be made, and the German armies invading France or Russia or Austria might be turned back, by landing a large army in Mecklenburg or Pomerania within easy reach of Berlin.

Germany's position in the Baltic strongly resembles Russia's position in the Black Sea. Russia's best naval harbour is in the Black Sea, Germany's best naval harbour is in the Baltic. Germany is practically as much master of the Baltic as Russia is of the Black Sea, because the Russian North Sea squadron and the fleets of Sweden and Denmark are so weak that they cannot possibly face the German navy. Both the Black Sea and the Baltic are land-locked. Both can be entered by an enemy only by a narrow opening which is in the hands of a third Power. Both seas are practically inland lakes which are almost unapproachable to a hostile fleet except by permission of the Power holding the straits which lead to it. Germany is almost as vulnerable in the Baltic as Russia is in the Black Sea, provided the entrance to that sea can be seized. Both the Baltic and the Black Sea can easily be defended by the State which controls it, and both provide ideal conditions for preparing and effecting a surprise attack on the largest scale. These facts show that Germany's position in the Baltic is similar to Russia's position in the Black Sea, but a closer investigation will prove that Germany's position in the Baltic is comparatively far stronger than is Russia's position in the Black Sea, and that Germany's control of the Baltic is a far greater danger to this country in case of an Anglo-German war than

is Russia's control of the Black Sea in case of an Anglo-Russian war.

Germany's position in the Baltic is far stronger than Russia's position in the Black Sea, for the following reasons. The Black Sea has but one opening formed by the Bosphorus and the Dardanelles, and these cannot easily be seized by Russia, because the Russian army, being distributed over vast districts, can only very slowly be concentrated and carried either by land or sea towards the Bosphorus and the Dardanelles. Besides, Turkey has a large and excellent army, and the Bosphorus and the Dardanelles can easily be defended even by small numbers against an attack of a great host. Therefore Russia would find it very difficult to seize the Bosphorus and the Dardanelles. Germany, on the other hand, can issue far more easily from the Baltic than Russia can from the Black Sea. The German fleet can sail out of the Baltic either through the Kattegat or through the Baltic and North Sea Canal, two alternative openings which lie several hundred miles apart from one another. The Baltic and North Sea Canal lies entirely in German territory, and cannot easily be seized by a nation with which Germany is at war, whilst the three straits leading through the Danish Archipelago cannot easily be defended by Denmark against a determined German attack by sea and land. Whilst the Bosphorus and the Dardanelles possess a frontage of only a few miles, the principal Danish Islands in the Kattegat have a circumference of several hundred miles, a distance which the weak Danish army cannot possibly hold against an energetic German attack. Besides, the Danish mainland north of Schleswig Holstein cannot possibly be defended against a German invasion, and from the shores of the Danish mainland, which is

not defendable by Denmark alone, the Little Belt can be dominated. In a few hours Germany could throw a very large number of troops from Kiel and other Baltic harbours into the Island of Fünen or Zealand, and in a few days the whole of the Danish Peninsula might be occupied. Thus Germany may at the critical moment acquire the mastery over all the openings of the Baltic without much difficulty, and close these to all but German warships, unless Denmark is immediately and most energetically supported by a third Power which is strong on land and sea.

In view of the fact that it would be of the greatest importance to Germany to be able to dominate all the entrances to the Baltic, it seems by no means unlikely that in a war in which the decision depends largely on the navy Germany will take such a step either before or immediately on the declaration of war, pleading necessity, and acting in the same manner in which Prussia acted in 1866 towards Hanover and Hesse. Perhaps the extensive landing manœuvres which Germany has carried on in the Baltic were undertaken in preparation for such a contingency.

If the German fleet is able to pass from Kiel out of the Baltic either *viâ* the Kattegat or through the Baltic and North Sea Canal, Germany's naval opponent would have to watch at the same time the mouth of the Elbe, and the three passages described in the foregoing which lead from the Baltic through the Danish Archipelago. Germany's naval opponent would find it difficult to watch the mouth of the Elbe, because of the extensive shallows surrounding it and of the commanding position of Heligoland. It would be at least equally difficult to blockade the Kattegat, because of the peculiar configuration of the Danish Islands and of the intricacy of the passages

leading through them. Besides, the weather in the Kattegat is often very rough. If Germany is able to issue with her fleet from the Baltic and North Sea Canal, or through the Kattegat, Germany's opponent would have to divide his fleet into two squadrons of equal strength, which would be separated from each other by a distance of five hundred miles. At that distance, which could be covered only in about thirty hours, mutual support of the two blockading squadrons would hardly be possible. Hence the German fleet, working on what is technically called interior lines, could in combined strength fall in a few hours upon one or the other blockading squadron. In other words a blockade of the Elbe and of the Kattegat could be maintained only if each of the blockading squadrons were strong enough to meet the whole German fleet. Hence for every German ship lying at Kiel one ship would have to be maintained in the Kattegat and another one near Hamburg. In other words, the Baltic and North Sea Canal doubles the strength of the German navy, or reduces to one-half the strength of the fleet attacking Germany.

Most wars have been caused by the stress of competition, not by national vanity. Germany and Great Britain are competitors for trade and colonies. Therefore the possibility of a collision between these two countries cannot safely be disregarded, and if we contemplate the possibility of an Anglo-German war, it will be clear that Germany's position in the Baltic is more dangerous to Great Britain than Russia's position in the Black Sea has been, or ever can be, to this country. The Russian danger consists mainly in this, that a large Russian fleet issuing suddenly from the Black Sea could destroy the British trade in the Mediterranean and cut in two our road to India

and the East *via* the Suez Canal. That danger is after all not one of the first magnitude. The temporary, or even the permanent, loss of the Mediterranean trade would be comparatively a small matter, and, if the route through the Suez Canal was no longer practicable, English ships would again sail to the East *via* St. Helena and the Cape of Good Hope, as they did before the Suez Canal was opened. The damage which Russia could do to Great Britain by attacking us from the Black Sea would be very small, even if Russia should absolutely control the Bosphorus and the Dardanelles. Therefore England need not be afraid of Russia's seizing Constantinople and making herself the absolute mistress of the Black Sea and of the straits leading to it.

Whilst Russia controlling the Black Sea could threaten only a secondary interest of the British Empire, Germany controlling the Baltic could threaten, and would be able to strike directly at, the British shores. Russia in the possession of Constantinople might at the worst attack Malta, which lies a thousand miles from that town. Germany controlling the Baltic might attack London, which lies but five hundred miles from Kiel.

Many English people who merely compare the number of warships possessed by Great Britain and Germany believe that Germany is not able to meet this country at sea, and they are ready to conclude that Germany will never be able to dispute with this country for the rule of the sea and the possession of colonies, the wish being father to the thought. The importance of facts and figures is affected by circumstances, and it cannot be too widely known and too often asserted in this country that the Baltic and North Sea Canal doubles the strength of the German

navy, for this fact is ignored by most Englishmen, naval officers included.

The foregoing description of Germany's maritime position makes it clear that, if that country should be engaged in war with a naval Power of the first rank such as England, the decisive battle would possibly be fought near the principal naval base of Germany, that is not in the North Sea but in the Baltic. Foreseeing this possibility, the German navy has, by constant manœuvring, made itself familiar with all the intricacies and difficulties of that sea, and of the entrances leading to it. Naturally it suited Germany admirably that Great Britain was short-sighted enough to believe that she had no interests in that sea, and that British naval officers were as unacquainted with the Baltic as British military officers were with the Transvaal before the outbreak of the South African war. As British naval officers were quite unfamiliar with navigation in the Baltic, the naval officers of Germany could contemplate with some confidence the possibility of a struggle with Great Britain, notwithstanding the great superiority of the British fleet. It is therefore easy to understand that a feeling approaching dismay and consternation was created in Germany when, in July 1905, it became known that the British Channel Squadron would cruise in the Baltic. Thinking Germans could not disguise to themselves the fact that British statesmen had at last discovered the great strategical importance of the Baltic, and that the British Admiralty had determined to make the British fleet familiar with that sea. Under these circumstances, it was only natural that Germany would have liked to exclude the British warships from the Baltic by some diplomatic arrangement which, though osten-

sibly beneficial to all the Baltic Powers, would only have served to make Germany all-powerful in the Baltic—to make the Baltic Sea a German lake.

During the next few years Germany's naval position will be one of considerable difficulty, and may become one of very great anxiety in time of war. Germany is building at vast expense a fleet of some twenty ships, each of which is to be larger and stronger than our own *Dreadnought*. None of these monster ships will be able to pass through the Baltic and North Sea Canal, which is too small for them. Therefore Germany has resolved to widen and deepen that canal, which doubles the strength of her fleet. After having spent £8,000,000 on the original construction of the canal, she will spend an additional £11,000,000, or no less than £19,000,000 in all, a sum much larger than that expended on the Manchester Ship Canal, and sufficient to build ten *Dreadnoughts*, in order to make it practicable for the largest ships which she is planning. It is expected that six years will be required to finish the Baltic and North Sea Canal. Therefore during the next six years Germany will be unable to avail herself of the great advantages furnished by the Baltic and North Sea Canal except for her smaller and older ships. Her magnificent new ships will for about six years be restricted to one of the German seas. Consequently Germany will, during the next six years, do all in her power to avoid a conflict with a first-class naval Power. During the next six years Germany has every reason to keep the peace. Only when the enlargement of the Baltic and North Sea Canal has been accomplished will she be ready for a great naval war, and then her maritime position will be a very formidable one. In six years her naval opponents may require one fleet of more than twenty *Dread-*

noughts to watch the mouths of the Elbe and Weser and a second fleet of more than twenty *Dreadnoughts* to watch the Kattegat. In the near future the British naval budget should have to be vastly increased.

It may be argued by the advocates of a cheap navy that Great Britain does not require a navy of overwhelming strength; that in case of an Anglo-German war the British fleet should abandon its traditional policy; that our fleets need not search out the German navy at its bases, an undertaking which would clearly require that Great Britain should lay down at least two ships for every ship laid down by Germany; that Germany, which had become dependent upon her foreign trade for her existence, could, in case of need, be fought more cheaply by a vigorous blockade carried on at a safe distance, where a surprise attack from either opening of the Baltic on a part of the British fleet would be impossible. These arguments seem plausible, but they are misleading, for it will not be easy to stop Germany's foreign trade by means of a blockade. Germany's principal trading ports are not Hamburg and Bremen but Antwerp and Rotterdam, which lie in neutral territory, and which serve as outlets to the Rhine, by far the most important trade route of Germany for her exports as well as for her imports. As soon as the great German Canal system which is to connect the Rhine with Dortmund, with the Elbe and with the Danube—the German inland canal system, like the Baltic and North Sea Canal, will serve rather strategical than commercial purposes—is finished Germany's foreign trade may in war time be made independent of Hamburg and Bremen. The trade going now *via* Hamburg and Bremen may then be diverted to neutral ports. Saxony, for instance, will

be able to ship her manufactures and to receive her raw cotton, corn, &c., *via* Belgium and Holland and the Rhine instead of *via* Hamburg and the Elbe, and it may be doubted whether the neutral Powers which provide Germany with cotton, corn, &c., will allow the British fleet to interfere with a large and profitable trade which ostensibly is neutral. Great Britain might conceivably blockade not only Hamburg and Bremen, but Antwerp, Rotterdam, Amsterdam, Trieste, and other neutral ports in easy reach of Germany as well, and search the shipping there for German goods, but it seems likely that the vigorous protests of the nations interested in the continuance of that trade, such as the United States, would soon lead to the raising of that blockade.

The foregoing details show that Germany's maritime position is already an exceedingly strong one, and that it seems likely that it will become increasingly strong, one might almost say dangerously strong, in the near future. Therefore the question arises : How can the vast advantages which Germany enjoys owing to her strong position for defence and attack be neutralised ? Where is the weak spot in Germany's armour ? The answer to this question will promptly suggest itself if we remember the resemblance which Germany's position in the Baltic bears to Russia's position in the Black Sea, to which attention has been drawn in these pages. Exactly as Russia cannot be attacked in the Black Sea, except by permission of Turkey, Germany cannot be attacked in the Baltic except by permission of Denmark. It is therefore clear that both Germany and Great Britain have the very greatest interest in securing Denmark's goodwill. Little Denmark may, in an Anglo-German war, be at least as valuable an ally as any one of the great Powers.

Therefore it is clear that both Germany and Great Britain are bound to do all in their power to secure Denmark's support in case of war if possible by a treaty of alliance. Perhaps it has been with this object in view that the German Emperor has, during the last few years, made the most assiduous advances to both the Royal House of Denmark and to the Danish people, and that, by his command, in every year a German naval demonstration of the greatest magnitude and of unmistakable meaning takes place in the Baltic.

What will Denmark do? Will she throw in her lot with Great Britain or with Germany, or will she reject the advances of either, preferring to observe an attitude of strict neutrality in case of an Anglo-German war? Denmark may wish to step outside the ring in case an Anglo-German conflict should take place, but she will hardly be able to act the part of a mere spectator. The mastery of the Kattegat may decide the issue of an Anglo-German war—and more. The possession of the Danish Straits would be of vital importance to both belligerents. Consequently Denmark can hope to observe a strict neutrality only if she is strong enough to keep her territories neutral and to defend them against all comers. This she cannot do, for she is too weak.

The attitude which Denmark should adopt with regard to the contingency of an Anglo-German conflict may be outlined in three proverbs which are daily used in Denmark: "Naar Naboes Vaeg braender, maa hver raedes sin egen," Look to your own house when your neighbour's house is on fire; "Ingen kan tjene to Herrer," Nobody can serve two masters; "Vorsigtighed er en Borgemesterdyd," Wise foresight is a Burgomaster virtue. It may be too late for the

Danes to make up their minds what to do in case of an Anglo-German war if they wait until such a war, which may possibly end Denmark's existence as an independent State, has actually broken out. Denmark should decide in good time whether she will side with Germany or with this country, for at the critical moment she will probably not have time for reflection.

The German people may be a peace-loving people, and the German Emperor and Prince Bülow may entertain feelings of most cordial friendship and esteem for this country. Nevertheless, it is only reasonable to expect that the rulers of Germany and the German people will pursue rather a policy beneficial to their country than one advantageous to Great Britain. Since the downfall of Russia, Germany has become practically all-powerful on the continent of Europe. Her three land frontiers are absolutely safe against invasion. She is vulnerable only on the sea. Her North Sea coast being practically inaccessible, the coast of the Baltic is the only frontier which need cause anxiety to Germany in case of war, and the Baltic coast would become unapproachable to an enemy, if Germany should acquire the mastery of the Sound and of the two Belts. Therefore it is only logical that even the most peaceful German citizens will desire most ardently that Germany should acquire the Danish Islands which dominate the entrances to the Baltic, and that every patriotic German statesman will strive unceasingly and with all his power to fulfil that wish. From the German point of view the possession of the entrances to the Baltic is absolutely necessary for the peace, safety, and greatness of the country.

If Denmark values her independence, she should

side with this country, which has every interest in seeing Denmark independent and strong. If Denmark does not value her independence, she may side with Germany, which has every interest in acquiring, or at least in dominating, the territories of Denmark in order to possess herself of the command of the Baltic and of the excellent Danish harbours. It can hardly be doubted that Denmark, if she knows where her interests lie, will place herself at the side of Great Britain, though she may not do so unreservedly.

In order to understand the attitude of the Danes and the policy which Denmark is likely to follow, we must look at the possibility of an Anglo-German conflict not so much from the British as from the Danish point of view. Denmark is a small and weak State. Both her army and her navy are insignificant, and the country is not rich. Denmark has consequently every reason to avoid being drawn into a great European war. Therefore many Danes will argue that their country should not unnecessarily commit itself either with Great Britain or with Germany. Those Danes, on the other hand, who see clearly that their country cannot possibly remain neutral in case of an Anglo-German struggle, who value the independence of their Fatherland, and who would rather support Great Britain than Germany, will nevertheless hesitate to conclude a formal alliance with this country, and the reason of their hesitation is obvious. From the Danish point of view, Great Britain is far away, Germany is near at hand. The Danish mainland can easily be entered from the German province of Schleswig-Holstein which adjoins it. Besides, the Danes will remember that there has been much muddle in the South African war, and they may fear that the Danish mainland and the

principal islands may be occupied from end to end by the ever-ready German army before the first ship of the British ally has started for the Kattegat. Therefore the Danes may hesitate to enter upon any diplomatic arrangements with this country for mutual support unless they are assured by their own military and naval experts that Great Britain will take the necessary measures for the defence of the independence of Denmark, and that those measures are well devised and will promptly be carried out. The British and Danish military and naval authorities should therefore jointly settle a plan for the military and naval defence of Denmark.

Denmark should welcome co-operation with Great Britain not only from political but also from economic reasons. Denmark is a purely agricultural and pastoral country. As she possesses neither coal nor ore, her manufacturing industries are insignificant, but her rural industries are very highly developed. Per head of population Denmark has three times more cattle, four times more horses, and six times more pigs than has this country. The quantity of rye, barley, oats, butter, cheese, &c., which she produces is enormous. Denmark has to buy from foreign countries vast quantities of coal and of manufactured articles, and she pays for these with the surplus produce of her rural industries which she exports. Owing to her lack of coal and manufacturing industries, the Danes are more dependent upon their foreign trade for their sustenance than is Great Britain herself. This may be seen from the fact that the Danish foreign trade per head of population is no less than 20 per cent. larger than is the British foreign trade per head of population. As Denmark is dependent for her existence upon her foreign markets, it is of

vital importance for her that her foreign trade should not be interrupted by war, for the interruption of her foreign trade would mean acute distress to the people. Great Britain is their best market, whilst Germany has closed her frontiers to the agricultural products of Denmark. The United Kingdom takes no less than three-fifths of the Danish exports, and she is able to take much more than she is taking at present. Great Britain is by far the best open market to the Danish farmers, and this country may remain an open market to them, even if Protection is introduced in this country, for politics and trade go hand in hand.

The foregoing shows that from the strategical, political, and economic points of view co-operation between Great Britain and Denmark is most desirable. For the sake both of Great Britain and of Denmark it is to be hoped that diplomatic arrangements of a permanent kind, securing their mutual support in case of need, will be entered upon between the two States. They will be beneficial to both, and they will tend to preserve peace in Europe.

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